More, Better, Faster: How
Getting Local Authorities Building Homes
The lifting of the Housing Revenue Account (HRA) debt cap has put housebuilding programmes firmly on the agenda of local authorities. The mandate for more, better and faster housing brings with it the question of how to achieve delivery and meet ambitious government targets.

With this in mind, calfordseaden's forum, held in collaboration with the CIH, brought together industry experts to discuss strategies, challenges and practical paths to the delivery of affordable housing, focusing on volume, quality and speed of delivery. The session was chaired by Rebecca Clarke, CIH Head of Membership, and featured five guest speakers: Joanne Drew (Director - Housing & Regeneration, Enfield Council), Sarah Greenwood (Head of Strategic Growth, Homes England), Peter Quinn (UK Partnerships Director, Lovell), Joe Parody (Partner, calfordseaden) and Alex Burton (Partner, calfordseaden).

Forty years ago, local authorities were responsible for more than 40% of house builds. In 2017, it was less than 2%. While the shift towards council-led housebuilding programmes has been widely welcomed, it comes with a new set of challenges alongside the abundant opportunities. The Government’s 2017 target of 300,000 new homes a year has fallen short in the years that followed. Kit Malthouse’s refrain of ‘More, Better, Faster’ housing captures these needs of the residential sector but not the ways in which they can be realised.

Our guest speakers addressed skills and capacity shortages, the need to look to new methods of delivery and procurement, and ways in which Modern Methods of Construction, rooftop developments and ‘hidden homes’ schemes can alleviate current constraints. It was evident that great challenges result in great innovation and both the speakers and audience members spoke of novel ways in which they had navigated these new waters.

One of the key messages, however, was the need for greater collaboration – across boroughs, between the public and private sector, and amongst all parties in the construction and housing fields – that will allow councils to tap into existing and learned knowledge.
Guest Speakers

Joanne Drew, Director - Housing & Regeneration, Enfield Council
Overcoming challenges in housing delivery: Enfield Council’s approach

Sarah Greenwood, Head of Strategic Growth, Homes England
Housing delivery - The skills and capacity challenges faced by local authorities

Peter Quinn, UK Partnerships Director, Lovell
Best practice in the timely delivery of housing

Joe Parody, Partner, calfordseaden
Getting your procurement strategy right

Alex Burton, Partner, calfordseaden
Maximising the potential of existing mixed-tenure estates
Overcoming the challenges in housing delivery: Enfield Council’s approach

Joanne Drew - Director of Housing and Regeneration

Enfield Borough’s current housing needs exist in the context of its demographics. Despite the existence of a number of more affluent communities in the west of the borough, Enfield is the 12th most deprived in London and has the second highest number of homelessness acceptances after Southwark – a fact that may be unexpected for an outer London borough. It also has the second highest number of people living in temporary accommodation after Newham and this number is growing, with an increase from 1,956 households in temporary accommodation in 2012 to 3,396 in 2018.

Enfield’s housing policy is focused on delivering homes for existing residents rather than creating higher end properties, and this is reflected in local development schemes. The Leader of Enfield Council, Nesil Caliskan, who was elected to the post in May 2018, has expressed her desire for the council to actively engage with issues surrounding housing.

The borough has met with both challenges and opportunities in ensuring that new housing meets the needs of residents. Enfield has had a number of highly successful recent developments, including several examples of new builds for private sale which sought to subsidise the creation of social housing. However, the risks of development and regeneration cannot be dismissed, and Enfield’s small sites programme experienced commonplace development issues, including project delays and increased costs after the appointed contractors went into administration.

Political pressures also demand that a large number of affordable homes is delivered in the shortest time and that housing provision overall (including private development) is maximised. However, one of the challenges is not only delivering the required quantity but also the correct mix of properties, including senior living homes and new models of housing such as co-living.

To meet these challenges, Enfield Council’s approach to housing has evolved to embrace new models of delivery and take a greater role in developments. An example of this is the Meridian Water scheme, a £6bn 20-year London regeneration programme that will create 10,000 new homes near the Lee Valley Regional Park. Enfield Council is taking a leading role on the project to ensure that housing objectives are met. Maximising council-owned housing stock in the borough also aids with the regeneration and refurbishment of existing estates as it allows residents to be re-homed if necessary.

The new models of delivery also include partnerships with providers such as Naked House, a not-for-profit developer that creates high-quality, minimalist homes that are sold at around 65-70% of the market rate. This makes the properties truly affordable for households earning the London median wage.

The council is also looking to optimise the use of existing land. As such it is working with rooftop development (RTD) specialists such as Apex Airspace to extend buildings vertically. It is estimated that among the London boroughs, Enfield has the fifth highest number of opportunities for RTDs. Alongside this, Enfield is also exploring opportunities for infill developments to better utilise the land it already owns.

In order to secure and develop the right skills within the council team, Enfield intends to use the Greater London Authority’s (GLA) Homebuilding Capacity Fund to help grow the in-house development team, adding the skills and knowledge required to achieve its objectives.

Ensuring quality and ‘building beautiful’ are also crucial parts of the strategy, and examples of award-winning council-led developments include Dujardin Mews and Ordnance Road, the latter designed by Peter Barber Architects and shortlisted for the 2019 RIBA London Awards.

Finally, the importance of community collaboration and engagement should not be forgotten, and residents should be encouraged to attend local planning meetings and engage with plans for the future of the area. As such, Enfield is implementing a community ballot on plans for the long-term regeneration scheme for the Joyce Avenue and Snell’s Park estates and is currently in the process of informing residents about the plans.

It is estimated that among the London boroughs, Enfield has the fifth highest number of opportunities for RTDs.
Housing delivery: The skills and capacity challenges faced by local authorities

Sarah Greenwood – Head of Strategic Growth at Homes England

In 2018, Homes England launched its strategic plan for tackling the current housing shortage and set out six ways in which it would engage with the industry.

The objectives of the plan are:

- We’ll unlock public and private land where the market will not, to get more homes built where they are needed.
- We’ll ensure a range of investment products are available to support housebuilding and infrastructure, including more affordable housing and homes for rent, where the market is not acting.
- We’ll improve construction productivity.
- We’ll create a more resilient and competitive market by supporting smaller builders and new entrants, and promoting better design and higher quality homes.
- We’ll offer expert support for priority locations, helping to create and deliver more ambitious plans to get more homes built.
- We’ll effectively deliver home ownership products, providing an industry standard service to consumers.

A 2018 study by Savills, titled ‘How do we reach 300,000 homes and who will build them’, suggests that direct delivery by local authorities could represent around 5,000 of the targeted 300,000 homes by 2021 due to factors such as financial restrictions. However, the role that local authorities play in the overall delivery of homes means that sufficient skills and capacity in these organisations is vital. This includes working with housebuilders and developers of all sizes to process and finalise applications as well as the longer-term planning functions.

Sites are also getting larger, driven by the need to deliver higher volumes of new houses. An example of this is the Northern Arc development near Burgess Hill in West Sussex where Homes England recently submitted plans for more than 3000 new homes. Figures suggest that there are at least 350 ‘large sites’ of 1500 or more properties currently in the planning stages, with some sites accommodating as many as 3000 – 5000 homes. These larger sites are, by their nature, transformative to the local area and require a different approach from local authorities. This includes considering wider factors such as placemaking, economic development and the physical and social infrastructure.

The way developments are built is also changing with the increased use of Modern Methods of Construction (MMC) and additional support is needed to deliver these schemes. For example, Homes England provided £2.5 million to the Homes Group through the Affordable Homes programme to support the construction of the Gateshead Innovation Village. The project will test five different forms of MMC alongside traditional methods to build 41 affordable homes.

To reach the target of 300,000 homes, the infrastructure must be in place to support it. Figures from the Infrastructure and Projects Authority (IPA) indicate that there are around £190bn of infrastructure projects and investment planned up to 2021, including road, rail, hospitals and schools. Homes England embarked on a discovery process to understand how it could support the delivery of these infrastructure schemes. This revealed four main areas:

1. **Leadership**
   How to create a positive atmosphere within local authorities to help drive delivery. This includes ensuring decisions are made in the correct way and helping local authorities to consider development in new ways.

2. **Strategic planning / market making**
   How local authorities can be supported in overcoming the challenges that the cuts to housing teams have presented. Often this means that local authorities are missing the opportunity to look at the bigger picture.

3. **Technical expertise**
   Budget cuts have meant that people with specialised skills have been lost, such as landscape officers, civil engineers, legal professionals or community engagement teams.

4. **Role as an intelligent client**
   Supporting local authorities in procuring the services of consultants and understanding the advice and guidance they are given.

Homes England has engaged with other organisations to understand what is already being done in the sector and what support is available. A key finding was that while excellent progress is being made across the industry, greater collaboration and focus will help improve the performance of the housing sector. Part of this is sharing best practice, expertise and resources across the public sector.
Lovell has employed a number of methods and approaches to allow housing delivery within tighter timelines, a prime example being its Salisbury Plain development with the Ministry of Defence (MOD) and the Defence Infrastructure Organisation (DIO).

The aim of the Salisbury Plain project was to deliver 917 homes in two years for service families returning from Germany. Work on site started in January 2018 and the first 17 homes were handed over in December 2018. The current handover rate is 16 homes per week but this will peak at 26 per week and all 917 homes will be completed by May 2020 placing the project among the fastest builds currently underway in Europe.

This follows a previous MOD / DIO development in Staffordshire where Lovell built 250 homes in a year. Many of the lessons and knowledge gained from this contract informed the approach to the larger Salisbury Plain project.

Four key factors have contributed to the success of the project:

1. **Standardisation**
   Building quickly requires a degree of standardisation and for this development, there were only five different house types were used, all utilising timber frame construction. To provide a level of visual diversity, Lovell created a range of different external façade designs.

2. **Committed supply chain**
   The location of the site on Salisbury Plain did present some challenges in terms of supply chain options and logistics but a number of national suppliers worked with Lovell to generate solutions.

3. **Extensive pre-contract period**
   Lovell was able to form strong supply chain relationships due to a relatively long pre-contract period and a Pre-Construction Services Agreement (PCSA) with the MOD. This allowed the build to progress quickly once on site with the supply chain already fully engaged.

4. **Client relationship**
   The approach adopted by the client organisation is very important and its engagement is a core part of the success of the development. It was important to the MOD that quality was maintained despite the need to build to a deadline. This allowed Lovell to engage with supply chain partners who shared the same objectives and were able to deliver the required standards.

A key element when building quickly is the balance between quality and price. Different aims or priorities from different stakeholders that may cause tension between competing needs to ensure quality and carefully manage costs. In addition, public sector tenders are often won primarily on cost and a greater focus on quality may be needed within the procurement process to ensure that new homes meet the needs of residents. Despite the barriers and challenges, the public sector procurement process could evolve to factor in considerations of quality as well as cost.

Intelligent decision making is key to mitigating unforeseen cost increases. In this respect, early engagement with contractors and suppliers can be crucial. A small change to the design of the building could have a significant impact on the buildability and therefore the overall cost and timescales of the project, and these changes can be difficult to implement in later stages of construction. Implementing a two-stage tender process can allow the client to establish which partner organisation is right for the project and help the contractor to better understand and deliver the build.

While MMC is widely seen to be the key to rapid construction, there are factors that have held back its wide-scale adoption. MMC can be more costly and faces additional problems such as skills shortages and logistical difficulties. There are also market issues in terms of the perception of the current project pipeline by those in the industry as well as uncertainty from insurers about MMC.

The crucial key to navigating and resolving these problems is partnership and engagement with the right people and organisations at every stage of the supply chain to build better homes in greater quantities and in a shorter period of time.
Concerns have been raised that many current approaches limit organisations’ abilities to innovate, take on risk and introduce new partners. This leads to limited change, with the same processes and approaches being repeated, often with the intention of mitigating risk.

Several areas where change is needed are:

- Cost of procurement, not only to the end client, but also to contractors and suppliers
- Lack of transparency, which often limits the potential for beneficial collaborative work
- Limitations on new entrants that can prevent innovative ways of working being explored
- Lack of the required skills
- Lack of clarity over desired outcomes

Procurement teams are required to follow regulations closely but interpretation must play a part and often the process does not allow the required flexibility.

There are a number of routes for procurement including traditional, design and build, management contracting, construction management, partnering and PFI, which each have specific benefits and challenges. To implement the right approach to procurement, the end client must first establish the aims and priorities for the development. For any project, there are three fundamental and often competing factors to consider – cost, time and quality. A change in any one of these has the potential to affect the others.

The order of priorities that is often encountered in the procurement process is:

- Early price indication and price certainty
- Competitive procurement
- Mitigate and transfer risk
- Quality
- Whole life costs
- Speed of delivery
- Controllable changes

However, there have been changes in these priorities and increasingly quality and whole life costs are much more important to clients – sometimes becoming the top priorities. This has been driven by the realisation that if these factors are not central to the decision-making process then any initial savings and cost certainties are lost when the local authority has to manage the building throughout its lifecycle.

There are a number of ways that the right procurement strategy can help the sector build more homes, faster. These include establishing a common objective and encouraging collaborative working across the project teams as well as investing in mitigating risk in the early stages. The strategy can also help by ensuring the right partner organisations are involved to provide access to the best possible resources, skills and experience. A process that supports the best practice use of MMC and BIM as well as allowing innovation will also assist in increasing both the volume and speed of housing delivery.

Additionally, it is increasingly important that the procurement process also supports the creation of higher quality housing. For example, in-depth consultations and collaboration with stakeholders will ensure the end result meets the needs of the residents and the local authority. This sometimes requires flexibility in the process as specific projects may require a bespoke procurement approach. Furthermore, clients should also prioritise quality in the selection process and use whole life cost targets to set performance and specification criteria. It is also important to ensure high quality project management, monitoring and supervision as well as effectively applying the lessons learnt from previous developments.

"Procurement teams are required to follow regulations closely but interpretation must play a part and often the process does not allow the required flexibility."
Maximising the potential of existing mixed-tenure estates

Alex Burton – Partner at calfordseaden

In addition to larger, high-volume green or brownfield sites, optimising the use of land on existing sites can open up new opportunities for housing.

When compared with new builds or regeneration, this type of development does not yield the same number of new homes per site and projects may be completed in stages over a longer time. This is often due to the nature of the site where the new homes must be built in line with planning constraints and with consideration for existing residents and the local community. However, there is scope to develop the processes to improve the speed of development while maintaining quality.

The potential for rooftop development (RTD), especially in London, means this is a key part of creating new housing on existing estates. It is estimated that there is the opportunity for up to 40,000 RTD homes on low and mid-rise residential buildings in London Zone 1 and 2 and as many as 140,000 in Greater London.

Maximising the opportunities to build additional homes requires a dynamic approach to asset management to understand the housing stock and identify where greater value could be achieved as well as the sites where redevelopment or disposal should be considered. This requires ongoing collaboration between a local authority’s asset management and development teams, as focusing solely on development or planned repairs and maintenance can lead to missed opportunities.

For local authorities, a range of different factors is included within asset management decisions and unlike private developments, these are not always driven primarily by economic factors. Due to this, compromises often have to be made and therefore more innovative solutions may be required. For example, although the age and condition of the buildings may indicate that a complete redevelopment would be the best course of action, the needs of residents and the local community may require a different approach. In these situations, options such as RTDs, infill developments and hidden homes can provide a solution.

Regardless of the approach, collaboration is crucial and cross-borough cooperation and joint venture opportunities exist alongside partnerships with housing associations. Furthermore, the role of resident and leaseholder liaison, consultation and engagement is crucial to the success of the developments.

Examples of projects that calfordseaden is involved in illustrate the different approaches to creating new homes.

Braithwaite House and Quaker Court – Islington
Islington Council looked at the whole estate and considered the development options. A mix of infill development and rooftop extension was chosen for the different areas of the site to create 42 new homes for social rent. A new build low-rise block was constructed next to the existing high-rise Braithwaite House and modular rooftop developments were added to Quaker Court. The redevelopment also included the construction of a community centre below Braithwaite House, refurbishment of the lifts and access cores in the buildings and the creation of communal garden areas around the estate.

Abbeyfield Estate - Southwark
The redevelopment, refurbishment and extension of various buildings on the site was led by the Asset Management team. Similar to the project in Islington, a combination of approaches is being utilised based on the needs of each building, although the projects in Islington are being led by an in-house development team. The high-rise Maydew House tower block is being completely refurbished with additional storeys added. Other buildings on the estate, Thaxted Court and Damory House, are also receiving comprehensive refurbishment works including the addition of two storeys using light gauge steel construction. The seven storey Bradley House has already been fully refurbished on the estate but the decision was taken not to add any additional height to this block due to the financial implications of the additional works that would be required. The site also includes a new-build block next to Maydew House as well as alterations to the communal heating system historically serving the buildings across the estate.

Maximising the opportunities to build additional homes requires a dynamic approach to asset management to understand the housing stock and identify where greater value could be achieved.
The question and answer session covered a range of issues with the five speakers taking questions from the audience.

The issues and barriers to building at height and in high density outside London and other metropolitan areas were discussed. One suggested reason why the focus has been on city locations was higher land values and a greater need for private rent and sale, affordable housing and social housing. Common barriers were identified such as the risks involved and a lack of the required skills outside of larger metropolitan areas. The political resistance to high rise and high density building in suburban areas was also highlighted.

The potential of increasing the number of homes on high streets was discussed alongside some of the current barriers, such as the issues of multiple ownership, capacity and cost outlined. The discussion also included reference to the need for new developments to consider what the population will need in decades to come due to changes in demographics, lifestyle and work patterns.

The topic of government plans and targets was also raised and audience members suggested that there needs to be a greater consideration of local issues and the ability that organisations have to deliver the required numbers. Furthermore, with the target numbers for new housing being far higher than what has been previously achieved, how these objectives can be met was also discussed. Land utilisation was highlighted as one of the biggest factors. However, it was suggested that the very large sites may not be the answer as the total number that can be delivered each year is still limited and small sites do not have the volume. Sites delivering 30 to 120 units have historically delivered new housing most effectively.

It was noted that there has been change in the government approach, with the increased proactivity of agencies such as Homes England in unlocking land for development. Despite this, there is more that can be done to bring land into use. It was also suggested that the government’s housing delivery test may provide the opportunity to shine a spotlight on the issues around creating new homes and the challenges that exist at the local level.

The impact of the UK leaving the EU was also raised. It was noted that many developers and suppliers have been stockpiling resources to prevent a disruption to construction during the transition. However, it was acknowledged that some materials cannot be stockpiled in sufficient volumes such as lift systems and many types of sanitaryware that are imported from Europe. Labour and skills were also highlighted as an issue as around 30% of London’s construction workforce comes from the EU. The consensus was that the industry would have to bide its time as the situation unfolds, but that many of the issues are likely to be solved relatively quickly once the exit plan has been finalised.