

Development Partnership Forum - London

Building Resilience, Raising Quality ... and Brexit?

Location London
Event Date 5 April 2019

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This Forum met one week ahead of the 12 April extension to Brexit. It covered:

- How uncertainty over Brexit is affecting new housing and steps the industry should take to mitigate this.
- Latest findings from research on local authority housing development.
- GLA's approach to the intensification of industrial land for new house building.
- Examples from asset management and customer care illustrated how effective information management could improve performance, increase business resilience and enhance customer care.
- Case study of High Path and the Merton Regeneration Project demonstrating how additional homes could be developed at higher densities in consultation with the community, improving the environment and increasing open space.

Development Partnership Forums are a key way of The Housing Forum building influence and promoting collaboration bringing central and local government and industry together to share best practice and insights.

This Resource Pack includes a summary of April's meeting in terms of outcomes, content, and links to presentations and relevant publications, all of which will also be available on The Housing Forum's website www.housingforum.org.uk

Key outcomes

- Whilst the economy is better prepared for the impact of Brexit than at the time of the 2008 crash, there is a lack of resilience in the labour force and we can expect increases in labour and materials costs over the next few years.
- The construction industry can plan now for Brexit by engaging with the supply chain and reviewing procurement and contracting strategies.
- Building resilience, improving performance and improving customer experience can be achieved by managing and using information effectively.
- New housing can be developed with the support of the local community without loss of heritage, open space or industrial capacity, with direct provision by local authorities increasing.

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Brexit: What will we be dealing with?

Richard Jones, Partner, Arcadis

Without political consensus, an extension of Article 50 of at least a year seems likely and four options are being considered – amendments to the Prime Minister’s current deal, soft Brexit, no deal and remain (although the last two seem unlikely). While Article 50 has not had a major impact on the volume of construction work (not just housing), a slight drop in overall volume is expected in near term of 3.4% reducing to 1.8% in longer term. In perspective this is much less than experienced following the financial crash in 2008. The other impact has come from a devaluation of sterling with higher costs but this has attracted more foreign investment. With 2% unemployment in construction (lowest for 20 years) there is a lack of capacity and resilience. This is compounded by an ageing workforce and 80% of the migrant labour from EU. Construction is already at crisis point and Brexit will amplify and complicate this, with extra administration and restricted EU labour, suggesting labour costs could increase by about 23% by 2021 and materials costs predicted to rise by 21% by 2023.

The industry should be scenario planning, using ‘no deal’ as a worst case. 30% of materials are imported, with 60% of these from EU and a ‘no deal’ Brexit is likely to result in friction and delays at borders that will affect current arrangements for ‘just in time’ delivery. The Government has indicated it is unlikely to impose tariffs and so the main impact is likely to be on availability of materials and warranties.

Arcadis have a five point Brexit plan for construction:

- Engage with the Supply Chain to ensure materials and labour will be available when needed and that any increased costs can be managed.
- Review procurement strategies to accommodate

any new procedures, such as a new e-notification for UK public contracts.

- Review contracts for Brexit clauses to address contractual liabilities for both existing contracts and new ones. Consider adding new clauses to address risks, such as increased costs and delays, liabilities and termination options.
- Undertake due diligence by stress-testing the business model against the different scenarios.
- Make contingency plans to address anticipated risks to reduce their impact and to limit contractual exposure.

Discussion

- Devaluation of sterling has already impacted on migrant labour but a no-deal will increase the impact, possibly resulting in a rapid exit of a significant proportion of workers that cannot readily be replaced due to the very low unemployment. This is likely to increase the use of MMC.
- Devaluation has also delayed investment as companies assess the likelihood of further devaluation.
- Contractors reported that standard JCT contracts without any Brexit clauses are still be used, putting all the risk on to contractors. If they cannot deal with the impact of Brexit then this could result in a breach of contract. Contractors need to think carefully before entering into any contracts without Brexit clauses and to review all possible impacts. One contractor’s policy is to insist on Brexit clauses so that it can agree jointly with the customer how Brexit risks should be addressed.

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Local Authority Housing Delivery - Latest Findings

Professor Janice Morphet, UCL

Two new reports have been published (see Resources) with the 2018/19 desk survey results of direct housing delivery by local authorities. A further report will be published in near future which will update the 2017 survey.

The survey results illustrate a range of different motivations as to why authorities decided to start direct delivery of new housing. The top four were the need for housing, addressing homelessness and equal third were income generation from rent (to run services when the revenue support grant ceases in 2020 as a result of tapering introduced in 2012) and housing quality, such as space standards and external environment (moved up from 10th previously). Councils were also concerned about delays to development and not fulfilling commitments made on new homes. Councils now have a better understanding on how to use RTB receipts, with over 40% buying back RTB stock.

The advantages to councils is that they can offer 5 year rolling tenancies, re-invest within their own local area and a realisation that that they can be master developers. The challenges for councils with local housing companies are understanding how a company operates, with the need for new procedures and development skills. They can employ private sector development consultancies using professional firms who offer back-up.

The challenge of developing more homes was predominantly the need for land (over 60%), with 95% of the councils that are delivering, doing so on their own land. Previously they may have disposed of the land. 44% are purchasing sites to develop. 61% of authorities directly delivering housing are accounting for this specifically in their local plans.

Since the 2017 report, the Government has been more active in relation to planning and housing and more supportive of provision by local authorities but there is a clear need for government to do more to enable local authorities to develop. The research provides dates when direct provision started with links to further information for each authority. There has been a shift from development for almost exclusive market sale to more affordable homes in each scheme. Council owned housing companies have increased from 57% to 78%, with 57% of councils having JVs as well. Nearly 120 new companies have been started since January 2018.

The final report due May 2019 will examine the planning issues councils have when considering their own direct provision. It will address 10 further questions, such as the provision of social and affordable housing, special needs and quality of development.

Discussion

- Some councils have closed their housing companies because they are no longer needed now that the HRA borrowing cap has lifted. Councils with HRA often have housing companies as well.
- Councils can invest in three ways using the Housing Act 1985 (with the Right to Buy), the Local Government Act 2000 (no RTB) and the Localism Act 2011 (no RTB).
- While there are a lot of local housing companies, precise numbers are unclear because it takes about two years to set them up (4 year for JV) and they can be set up for different purposes.
- The scale of operations is increasing, with some councils working together to scale up and to get better deals, especially when considering MMC but this is in its early days. Positive press shows councils being active and so provides political

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momentum and support.

- The precise percentage of affordable housing is unclear but may become more evident in returns to government.

Industrial intensification and housing for London

Sarah Birt, Housing and Land Team,
Greater London Authority

The New London Plan (2019-41) is undergoing an examination in public until May 2019. It sets an overall delivery target of 65,000 homes a year. The Strategic Housing Market Assessment indicates London needs about 43,500 affordable homes per year. The Mayor's affordable housing target of 116,000 homes from 2016-2022 has increased from the previous target of 90,000 affordable homes by 2021. This has been made possible by additional government funding (previously £3.15m, now £4.8m). All residential schemes are expected to maximise the delivery of affordable housing.

To increase the speed and number of new genuinely affordable homes in London the Mayor has launched a Land Fund to invest in buying and preparing land for affordable housing. This follows the London Housing Strategy, which sets out a policy rationale for the GLA to take a more interventionist role in London's housing market. The fund stands at £736m in March 2019. The Land Fund has been used to buy 18 acres of the St Ann's hospital site in Haringey to deliver 50% affordable housing (original planning consent for 14% affordable housing) and upwards of 1000 homes. The GLA are also working with Registered Providers and Developers to provide loan finance to increase levels of affordable housing that can be delivered on sites, over and above current grant funding.

GLA Housing and Land are exploring ways to implement new draft London Plan policy in relation to industrial intensification and looking at how to protect industrial floorspace capacity, while also releasing land for housing. There is a positive net demand for industrial land up to 2041 when considering existing planning consents, warehouse sector growth and current low vacancy levels. As a consequence, the policy is for no loss of overall net floor space of industrial capacity across London, in areas of Strategic Industrial Land (SIL) and Locally Significant Industrial Locations (LSIS). Any release through intensification on designated sites is required to be plan-led or masterplan-led. Viability assessments under the draft Plan require 35% provision of affordable housing where industrial capacity is retained but 50% where there is a loss.

An Industrial Intensification and Co-Location Study: Design and Delivery Testing, led by the GLA regeneration team for the draft London Plan evidence base looked at the acceptability of industrial intensification and co-location with residential. It tested viability and deliverability of various proposals. In addition, the GLA is considering finance to de-risk investment, possibly through the Land Fund.

It is considered that exemplar industrial intensification and colocation schemes are required to prove the concept to the market, from a Developer, investor and occupier perspective. The GLA are looking at their current land holdings and are keen to bring forward such a scheme. Further work is underway to test the masterplan-led approach under policy E7, which will also show the importance of design and place making.

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Discussion

- What provision will there be for energy? The Royal Docks master plan is examining the energy provisions first to ensure that they can accommodate eventual growth. There are dedicated teams at GLA working on this and specific funding to help develop capacity for site-wide energy.
- The new housing will need to meet GLA space standards and its mix will be determined through local planning policy and needs assessments. This should help councils develop what they need and inform any estate regeneration plans.

Session 2: Improving performance - the power of data; the power of culture

This session drew on different examples (asset management and customer care) to show how effective information management could improve performance, increase resilience and enhance customer care.

Whole life costs - managing information into data

Alistair McLeod, Director, Waterstons

Much more business information could be used to inform decisions by housing providers and other housing stock owners. This is increasingly important as the number of homes increase because owners need to manage information rather than just manage homes to run their businesses efficiently and to make the right decisions. Analysis shows how important it is for staff to have the right information available to do their job effectively and efficiently. A business case can be made on the basis of time saved in getting the necessary information given that 16% of time can be spent searching for it, with nearly half of

employees not being able to find it or 8 out of 10 people having to recreate the information because they could not find it. Managing information accelerates knowledge within the business.

Managing information creates opportunities for the sector by empowering the workforce to be able to do their jobs effectively. It improves business insight in terms of value for money and managing properties and can improve the operational efficiency of partnerships and result in smarter homes. To develop an information strategy, it is fundamental to create the right culture of openness and transparency but this may require business transformation. Behaviour needs to be embedded to foster transparency, honesty, collaboration, empowerment, quality and trust to achieve an enabling culture. Mapping information flow is a tool that can be used at different levels to nurture and accelerate the flow and to analyse how it moves through different sections. Businesses need to identify what data they need to achieve quality information and provide a single point of access for ease of use. Data needs to be owned by the business rather than the IT department, people are key – sharing and collaborating – and the right tools will enable them. Home Group, with 50,000 properties maintained by a private contractor, wanted to improve its customer experience by integrating the contractor's information with their call centre so that customers could be provided with all the necessary information on what was happening with their repair.

Discussion

- BIM should enable design, construction and maintenance data to be integrated but while some are trying this, design data is often not compatible with asset management systems. The value of BIM is not well understood.
- With the 'Golden thread' of information

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recommended by the Hackitt Review, it was agreed BIM should be a key driver. Blockchain is another mechanism providing encrypted supply chain data.

- While there is information on products with different design and lifecycles, procurement is often on cost rather than whole life costs. Some housing associations are reviewing design specifications in terms of experience from asset management and the information exchange should be a two-way exchange i.e. asset management to inform design as well as design to asset management.

The Customer Journey and After-Care

Julie Shuter, Development, Director of Customer Care, Metropolitan Thames Valley Housing

Housing associations now recognise the need to focus on customers moving into new homes and addressing defects experienced in the customer journey from beginning to end. Housing associations' purpose is to provide housing but their customers need to enjoy their homes. While they are often happy on the first day as they move into their new home, the challenge is how to achieve this for as long as they live there, typically 30-40 years. Research from the Institute of Customer Service shows the importance of customer satisfaction and service because 84% of customers think staff need training in this with 70% of employees dealing with customers. Overall poor service costs the economy £122 billion and there are nearly 10 million calls about complaints.

Housing associations need to put people first and to increase customer satisfaction through employee engagement, focusing on excellence through a five year plan. There needs to be a culture change from top to bottom with a long-term focus. Performance

can be measured, for example a survey by the HBF showed that only about half of new home owners were satisfied with their builder, 99% had issues and 35% had more problems than expected. To address this, the G15 group of housing associations is developing a good practice guide to aftercare that will include issues from the end user's perspective, such as investment decisions, customer communication (internal & external), documentation, digital technology and data management. Quality control from start to finish will be key, along with defects reporting and resolution. To help new residents, home previews and demonstrations will be considered, with success being measured and lessons learnt.

Discussion

- Customers compare their experience of housing with other services, such as Amazon rather than other housing organisations.
- The G15 guide in developing a cross-sector approach, will be important in breaking down silos, such as between development and asset management to improve customer experience. Senior staff are being challenged by resident groups and social media is used to highlight problems. This will lead to a change in culture.
- One challenge is to improve speed but not at the expense of quality. Internal systems need to be improved, for example, the contact centre can be used to report defects.
- If the product is poor there will always be problems, such as Grenfell, and so the G15 project will use asset management experience to identify poor specification and construction so as to reduce after care.
- The ideal situation is to remove the need for after care by building homes right at the start. This means moving from managing defects to

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- improving design, procurement and construction.
- Housing associations have different management and information systems but it would help contractors if they could report using a single system.

Session 3: Major Settlements through Partnership: High Path and the Merton Regeneration Project

Paul Quinn, Director of Merton Regeneration, Clarion Housing Group and
Alexandra Andone, Associate Architecture, PRP

Clarion has been working on High Path for five years and its approach to the regeneration has been to focus on people before planning the spaces. Merton is split east/west with life expectancy higher in the west. Regeneration involves three estates – High Path, Eastfields and Ravensbury – but there is a single business plan. High Path and Eastfields will be demolished and new housing developed at a higher density, with Ravensbury being refurbished and its density increased. 740 homes for social rent will be provided across the three neighbourhoods (the whole Borough of Merton has produced 70 in the previous five years) The offer to residents was key because there was 40% RTB (499 homes) on the estates that Clarion offered to buy back so that they could be demolished with equivalent replacement homes being offered to resident homeowners on the new development. This was the result of a lot of consultation, especially against the backdrop of a poor repairs service in the past.

The High Path master plan was developed with the community, working with its aspirations. The High Path site is located next to South Wimbledon tube station and main bus routes and so has excellent public transport links. There are 608 homes on the

estate, with 11,000m² of open space but only a single through route, with all other access points leading to cul-de-sacs. Homes on the estate are worth less than half the value of equivalent ones on surrounding Victorian streets. Five key design principles govern the strategy – opening up the development to neighbours by creating more through routes, amenity space for everyone and linking to the wider community. The designs are modelled on Victorian mansion blocks, an appropriate urban model. This will transform High Path from an enclosed, isolated development to a more open, outward community at triple the density and with open space doubled.

Regeneration takes time (in this case 10-12 years) and to ensure continuity a design code was submitted with the planning application showing how the High Street would be improved and heritage assets enhanced and local businesses boosted through the non-residential offer. It builds on High Path's strengths (successful community) by addressing the main problem of failing property by replacing all the homes. It will build on the heritage of famous people who lived in the area. The planning application for Phase 2 is about to be submitted which will include the first urban block but with design elements, such as arches to provide way finding and identity. The development will be tenure blind, including entrances, to set high quality as the bench mark from the outset. Existing residents will be re-housed first. This has involved Clarion front-loading the finances, making a long-term investment. The circular economy has influenced the strategy from the end of existing buildings to the end of life for the new ones.

The next steps involve work on Phase 3 and the subsequent Phases up to the completion of Phase 7. The plan is to work from the wider context before developing the buildings and then the homes. Standardisation will be matched to residents' needs providing a more bespoke outcome. On reflection,

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the community engagement should have been done differently since it has taken five years.

Discussion

- Need to manage residents' expectations, such as concerns about open space or higher densities, and to help them understand what the offer might be in reality. For example, a mansion block achieves a higher density than a tower block or illustrating the proposals with specific dimensions so that they can imagine what it may look like.
- Parking ratio varies across the three estates, with 1:1 at Ravensbury, 0.7:1 at Eastfields and the lowest 0.2:1 at High Path because of the excellent public transport links. However, existing residents had to be reassured that there would be car parking for them and ensure that new residents understand what parking, if any, they were being offered.
- Severe congestion and pollution around the tube station (second busiest in the borough) and a lot of accidents, is being examined as part of the regeneration. A second entrance to the tube station and the design of the junction is being reviewed with TfL.
- Consultation predated the requirement for ballots but they used the Electoral Society to test resident opinion after they had published plans. Each household was surveyed which they consider a better way to consult than ballots. The GLA have since confirmed a ballot exemption.

Resources

- [Local Authority direct provision of housing RTPI/ UCL research](#)
- [Local Authority Provision of Housing \(Interim Report\) April 2019](#)
- [Local authority direct housing provision March 2019](#)
- [Stopping building failures - how a collaborative approach can improve quality and workmanship](#)
- [Building Homes Better - The quality challenge](#)

Presentations

- [Session 1: Brexit: What will we be dealing with?/ Local Authority Housing Delivery - Latest Findings/ Industrial intensification and housing for London](#)
- [Sessions 2 and 3: Improving performance - the power of data; the power of culture / Major Settlements through Partnership: High Path and the Merton Regeneration Project](#)

Speakers

Richard Jones	Partner Arcadis
Janice Morphet	Professor UCL
Sarah Birt	Housing and Land Team Greater London Authority
Alistair McLeod	Director Waterstons
Julie Shuter	Director of Customer Care Metropolitan Thames Valley Housing
Paul Quinn	Director of Merton Regeneration Clarion Housing Group
Alexandra Andone	Associate Architecture PRP

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Delegates

Caroline Pillay	Senior Partner Airey Miller Partnership	Nigel Ingram	Development Director Engie
Alex Wythe	Partner Alan Camp Architects	Steve Coleman	Group Director F3GROUP
Jon Wardle	CEO AMCM Group Ltd	Chris Cox	Associate Director Falconer Chester Hall Architects
James Knight	Partner Arcadis	Marina Wickens	Legal Director Foot Anstey
Yolanda Edwards	Associate Arcadis	Tim Quick	Director Formation Architects
Jerry Gilbert	Director ARK Consultancy	Marco Tomasi	Associate Director Formation Architects
Matt Hornsby	Partner Baily Garner LLP	Nic Davies	Director Helix
Meera Bedi	Head of New Build Barnet Homes	Jonathan Sanders	Development Surveyor Hill Group UK
Neil Carter	Business Development Manager Bosch Thermotechnology	Rebecca Begej	Head of Business Development Homes for Haringey
Andy Heath	Partner BPTW	Kate Henry-Aston	Director Hunters
Frank Trivino	Market Development Manager British Gypsum	Amar Mahil	Associate Director Hunters
David Culliton	Pre-Construction Director Bugler Developments Ltd	Nicholas Davidge	Development Manager ilke Homes
Andrew Gentry	Partner Calfordseaden	Tony Battle	Joint MD Kind
Steve Skuse	Director of Development Delivery Catalyst Housing	Richard Bromwich	Commercial Director Kingspan
Michael Kettle	Senior Housing and Commercial Development Manager City of London	Alan Benson	Head of Housing LB Haringey
Simon Griffin	Project Manager City of Westminster	Ken Adams	Managing Director LIFE Build Solutions Ltd
Tim Attwood	Director Conisbee	Martin Brackpool	Business Development Director LIFE Build Solutions Ltd
Matt Sutcliffe	Senior Land & New Business Manager Countryside Properties	Ruth Goldfeather	New Business Development Manager London Borough of Ealing
Paul White	Development Manager Enfield Council	Elaine Dorricott	Development Programme Manager London Borough of Ealing
Mala Pandya	Housing Development Manager Enfield Council	Simon Pickles	Housing Regeneration Manager London Borough of Sutton
Kate Oyston	Business Development Manager Engie	Dale Walker	Head of Housing Development London Borough of Waltham Forest
		Jim Martin	Executive Chairman Martin Arnold Limited



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Lettice Swan	Associate MDA Consulting
Steve Hurworth	Associate MDA Consulting
Aziz Gani	Head of Land & New Business Mears New Homes
Keith Trowers	Senior Business Development Manager Murphy
Mehban Chowdery	Regional Director NHBC
Donna Samson	Regional Development Manager Places For People
Rebecca Rogers	Associate PRP
Martin Gladwin	Associate Property Consultant Ridge and Partners LLP
Lucy Dorkins	Business Liaison Manager RLHA
Paul Belfield	Director Rund Partnership Limited
Nima Shamsipour	Principal Design Manager Rund Partnership Limited
Robert Gunningham	Director S E Controls
Tracey Holland	Director, Strategy & Business Development Silver
Peter Mack	Board Director, Commercial & Development Silver
Sophia Williams	Senior Investment Manager Taylor Wimpey
David Pelle	Land & Planning Director Taylor Wimpey East London
Colin Harnor	Lead Land and Planning Manager The Hyde Group
Rita Lad	Account Manager Travis Perkins Managed Services
Amy Shaw	Partner Trowers & Hamlins
Helen Rieman	Head of Business Development & Partnerships United Living
Stuart Laird	COO United Living Group
Alex Thomas	Key Account Director Worcester Bosch

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The Housing Forum is the only cross-sector membership network that represents the entire housing supply chain on behalf of the housing industry.

With a membership of 150 like-minded organisations and businesses from across the public and private sector, The Housing Forum champions collaboration and innovation in construction to improve productivity, design and build quality.

How to join

We'd love to talk to you about the benefits of membership to your organisation.

Contact: callum.riley@housingforum.org.uk