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LGA BUILDING COUNCIL HOMES PROGRAMME: BRISTOL CITY COUNCIL REPORT



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New housebuilding in Bristol

Bristol City Council (BCC) is an ambitious local authority, with an established housebuilding programme, committed to the delivery of quality new homes and vibrant new communities across the city.

Of the 2000 new homes the council is committed to delivering a year, 800 are to be affordable to meet the needs of the city. This ambitious target is driving innovation in the council's housebuilding programme.

To meet local housing needs at pace, the council recognises the importance of actively seeking and evaluating innovation in the housebuilding sector. Specifically, it recognises the potential of using Modern Methods of Construction (MMC) to create modular homes, particularly on sites less suitable for traditional construction methods.

HRA New Build Council Housing Programme

BCC currently owns and manages circa. 28,000 homes in its Housing Revenue Account (HRA). The council's HRA Development Team, part of the wider Housing Delivery Team, are responsible for delivering the rolling New Build Council Housing Programme, which began in 2014 [1].

The programme has traditionally delivered small scale developments utilising smaller brownfield and back-land sites across the city. Between 2014 and 2018 the HRA Development Team completed 91 new council homes; comprising bungalows, houses and flats across 15 sites.

The lifting of the HRA borrowing cap, in October 2018, enabled the council to realise its long standing ambition to accelerate it's council housebuilding programme to meet the needs of the region. The HRA New Build Council Housing Programme has ambitions to double its delivery programme, to around 120 homes per year, in the next couple of years.

BCC's current programme contains 11 sites across the authority. The programme is set to deliver around 350 new council homes and around 150 homes in other forms of tenure over the period 2019-2021.

New approaches to the design, delivery and construction of new homes are being explored to accelerate the supply of new high quality and efficient council houses.

The HRA Development Team are currently delivering their largest and most complex single development to-date. Ashton Rise comprises 133 new 2, 3 and 4 bedroom houses, and 1 and 2 bedroom apartments. The development is mixed-tenure and includes BCC's first market-sale homes. Proceeds from the private-sale of 80 of the homes, will be reinvested to help fund the construction of the 53 new council homes on the site. This project is due for completion in Spring 2021.

Additionally, BCC is committed to testing and showcasing innovative council homes and community living in the city over the next five years, through partnership with 'the Bristol Housing Festival'.

The Bristol Housing Festival

The Bristol Housing Festival (BHF), started in October 2018. The BHF intends to road-test a range of existing concepts and innovative solutions in the real-world, helping to speed up the delivery of quality, affordable housing in the city. These prototypes will help develop scalable and longer-term solutions to support local government to create housing, places and communities that promote hope and wellbeing.

"The Festival is about making the city a living exhibition of the latest and most inventive approaches to housing. The Festival can turn the city into a living exhibition of the latest and most innovative approaches to housing and finding the best ways of tackling our housing crisis'.

Mayor Rees - October 2018

BCC is a founding partner of the BHF enabling this place-based testing and learning to be embedded in the council's home building programme, specifically in the new HRA New Build Programme.

Modern Method's of Construction (MMC)

Modern Methods of Construction (MMC) is an umbrella term for off-site, and near-site, pre-manufactured construction solutions.

MMC is being explored as a way to deliver high quality and sustainable homes, quickly, on a range of complex and sometimes small, previously unviable, city sites.

It is recognised that the MMC sector could prove key to UK's industrial strategy, with development of the UK's national off-site manufacturing capability expected to increase productivity, innovation, quality and skills in the construction sector.

MMC in housebuilding is an exciting, evolving, but relatively immature area. With a view to stimulating the MMC market and supporting this growth of this new sector, Homes England (HE), the government's housing accelerator, is committed to boosting the uptake and development of MMC in the housing market over the next five years [2].

To help this evolving sector grow and mature, local authorities need to be able to partner with new companies and pioneer the use of novel technologies. For local authorities, partnerships and joint-working with house builders and the construction sector, provides opportunities for local investment, new jobs and skills in the region.

Bristol City Council's partnerships through the Bristol Housing Festival programme, demonstrate tenacity and leadership in embracing change. Over the past two years the Bristol Housing Festival has been actively involved in a number of MMC sites in the city and BCC is working to develop a pipeline of future sites through the BHF.

Identified challenges

The HRA Development Team, working in conjunction with the Bristol Housing Festival team have identified two key areas of challenge, which are hampering the delivery of new MMC housing in the city.

1. A lack of market-familiarity, specifically a lack of knowledge of the options and capability of the market to deliver.
2. Current procurement systems hampering innovation by precluding less well established technologies and suppliers.

It is recognised that capacity building in these two key area is going to be essential in enabling innovation and supporting growth in this evolving sector.

The market-familiarity challenge

Early engagement with MMC suppliers is essential in countering the uncertainty that always threatens to derail innovation. In exploring the opportunity to do anything new, questions are

inevitable and timely answers essential. Channels are needed to connect housing development officers with MMC suppliers, who have detailed knowledge of the new technologies.

Without supplier input and expertise from the earliest stage, specifiers can inadvertently build constraints into site development briefs, which can limit the benefits of, or preclude the use of, MMC technologies.

To build familiarity and confidence in the MMC market a framework, or systematic process, to enable the rigorous and diligent comparison of MMC products, and suppliers, for new housing developments being considered as appropriate for MMC.

As MMC suppliers increasingly vie for the attention of decision makers, a suitable methodology to inform the most appropriate type(s) of MMC for different site/projects is required. Equally, where MMC is not suitable for a specific site this should also be flagged and provide justification for traditional alternatives.

The procurement challenge

Procurement processes are valuable in providing quality assurance and delivering value in construction.

It is recognised that current procurement rules hamper innovation by precluding less well established technologies and suppliers, who cannot complete or score sufficiently highly on standardised Pre-Qualification Questionnaire (PQQ) returns. In this context traditional procurement processes can lead to unintentionally:

- Excluding newer and smaller organisations (SMEs)
- Excluding novel housing delivery models
- Excluding novel housing products
- Stifling innovation

The procurement of housing delivery is a complex and challenging area for public bodies. Addressing “best consideration” requirements and applying the Public Services (Social Value) Act 2012, are just two of a myriad issues.

To enable innovation in housebuilding, robust and practical procurement solutions, that are effective in delivering triple-bottom-line value (realised social, environmental and economic benefits), need to be developed and embedded in procurement practice.

For Bristol City Council to lead on innovation they must find a balance between the appropriate and careful application of the procurement rules to ensure due diligence, and nurturing the confidence and creating the space to enable innovative solutions to be implemented in the city.

In a burgeoning new market an appropriate and robust process is necessary to avoid the selection of MMC products and suppliers based on relational, timely, noisy or other largely subjective assessment criteria.

Addressing the challenges

Two projects were scoped to address these two areas of challenge.

Project A: Development of an optioneering/decision support tool

Development and 'real-world' testing of a new MMC optioneering tool, in conjunction with Bristol City Council.

Project B: A review of procurement

A case study review of current procurement practice, with the aim of identifying and developing robust and practical procurement solutions, capable of delivering triple-bottom-line value.

Project A: Development of an optioneering/decision support tool

Development and 'real-world' testing of a new MMC optioneering tool, in conjunction with Bristol City Council.

The brief specified the following requirements:

- Transparent so that options/design decisions can be scrutinised
- Robust and based on rigorous evidence
- Applicable to all MMC providers, irrespective of size and maturity
- Comfortably and affordably administered and employed by BCC housing officers
- Effective in identifying options and assisting design decisions

Where MMC is not suitable for a specific site the process should also flag this and provide justification for traditional alternatives.

For details of the commissioned tool and development process in conjunction with BCC see: BRE (2020). Bristol City Council: MMC Optioneering Tool (March, 2020).

Project B Brief: Procurement for innovation

A case study review of current procurement practice, with the aim of identifying and developing robust and practical procurement solutions, capable of delivering triple-bottom-line value (realised social, environmental and economic benefits, that meet identified needs in the city).

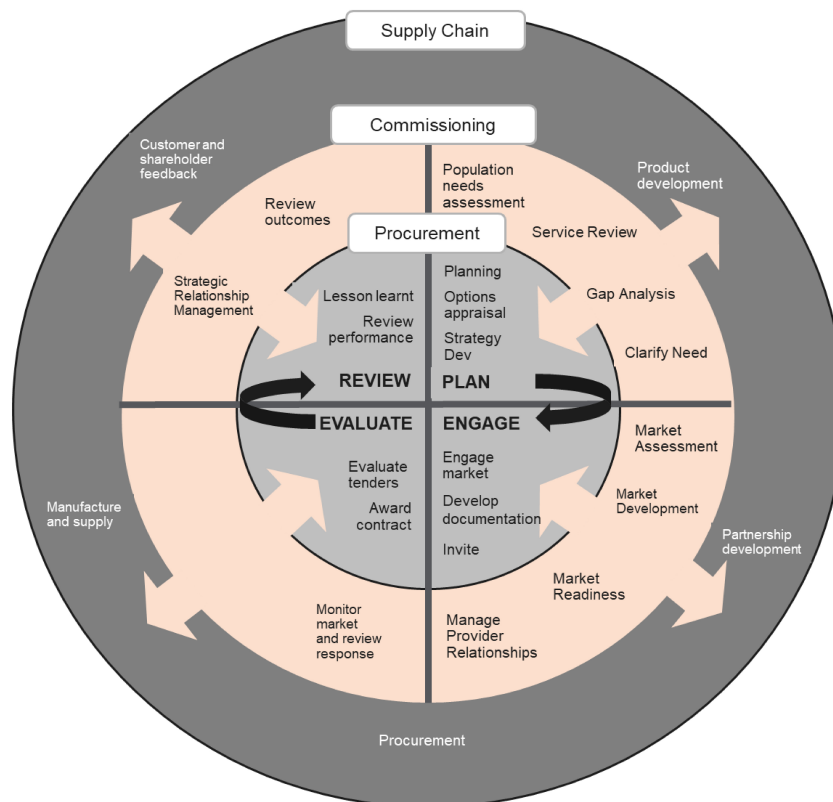
This review, focussing on the experience of other authorities, is anticipated to focus on three key areas:

- Current procurement processes/routes and the challenges they present to BCC in delivering innovative MMC housing.
- Examples of ways in which other local authorities have used/adapted/circumnavigated current procurement processes/routes to deliver MMC housing.
- What future Local Authority Procurement processes need to look like to enable innovation in housing delivery. For example how the Social Value Act (2012) might be utilised to leverage innovation.

For all the results and recommendations of the commissioned study see: Arcadis (2020). Meeting the Housing Needs of the City of Bristol: Procuring for Triple Bottom Line Value (March, 2020).

Aggregated findings

The PEER-model (Arcadis, 2020), which illustrates the relationship between procurement, commissioning and supply-chain cycles for housing delivery, is thought to be a valuable framework for reviewing and designing 'procurement' processes and roles, in the broadest sense.



PEER - Plan, Engage, Evaluate, Review Framework - The relationship between the procurement, commissioning and supply chain cycles for housing (Arcadis, 2020).

This framework provides a holistic model for procurement that supports both continuous improvement and innovation (by which we mean "creating, developing and implementing practical ideas that achieve a public benefit" [3], rather than hindering it.

The emphasis on leadership and governance, puts people at the centre of the procurement story. It is individual people, and networks of individuals, that bring the strategic-overview, contextual-insight, alternative-visions, ambitious-objectives, creative-confidence and

operational-jurisdiction, that will lead to the activity, that will in turn make the procurement system flounder or flourish. This is why it is was valuable to engage individual housing officers in the development of the optioneering tool, for example.

The 'Plan' quadrant of PEER makes the case for a dialogue between procuring and commissioning actors , and the market (specifically those developing new products and services), prior to the 'Engagement' quadrant. Procurement arrangements that preclude such a dialogue in the planning stage, introduce system-level risks, specifically the mis-match in 'needs' and 'outcomes'. This 'mis-match' or 'ill-alignment', not only threatens to undermine value at an individual project level, but to limit or erode the delivery of social-value, that spans projects.

Tools that enable a dialogue between suppliers and commissioners in the Planning stage, such as the optioneering tool developed by the BRE, are valuable in enabling this critical exchange between supply and demand functions. Procurement frameworks should be created, or extended, to create space for a two-way exchange between suppliers and buyers prior to engagement on specific projects.

The optioneering tool is proposed as a touchstone, guiding decision-makers and supporting processes to navigate a new and evolving market segment based on capturing clear project objectives and priorities. The PEER model's Planning quadrant underlines the focus on an 'objectives' led approach, which responds to both the needs of the end-users and of high-level systems (the society, the environment & the economy). By disrupting the housing market MMC creates the conditions to review the 'objectives' of housing. The immaturity of the MMC market is a benefit and not a threat in this context.

Arcadis' study has provided evidence of the need to strengthen the procurement processes and documentation, which underpins the Engage and Evaluation quadrants. Councils and commissioning bodies are recommended to undertake a detailed review of existing service specifications, contracts, payment terms and evaluation methodologies, with a view to developing documentation suited to the specific requirements of the MMC market.

The Review quadrant is essential in recognising that procurement functions won't get it 'right' first time, and that it will always be necessary for the system to learn and be improved. Clear definition of the required objectives at the Planning stage, is critical in determining key indicators against which projects are subsequently evaluated. The activity of preparing a User Requirement Document (URD), has been recommended as a key process for defining, agreeing on, and managing project objectives. It is recommended that this is a documentation considered for adoption by BCC in reviewing their procurement practices going forward.

Both these reports make recommendations which include trialing new tools and processes in practice. Ongoing testing and development, in both cases, is dependent on BCC taking clear ownership of the work to date and ensuring that one or more individuals are tasked and resourced to take forward the specific recommendations.

Recommended next steps

BRE

The Bristol Housing Festival Working Group (a new BCC internal working group) should take ownership of the prototype optioneering tool and carry out further testing and development over 2020. This user-testing should be undertaken using live projects, with the tool initially being used in parallel alongside existing processes. Evaluation of these trials should be used to inform a new version of the tool.

In parallel with the above, a wider sample of MMC suppliers and service providers should be engaged and when appropriate encouraged to input data about their products, systems and businesses, into the integrated supplier database. The inclusion of their solutions will not only improve the breadth and value of the tool, but their feedback on completing supplier sheets will be useful in developing the next iteration of the tool.

ARCADIS

BCC should undertake a focused evaluation of their current procurement processes, specifically for the delivery of MMC housing, against the PEER model and associated study recommendations. It is recommended BCC start with the Review quadrant and then look for opportunities to work clockwise around the PEER framework.

Based on the initial evaluation, a prototype MMC procurement model, including use of URD, should be developed and tested using projects coming forwards under the Bristol Housing Festival.

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