



Cast

REAL ESTATE & CONSTRUCTION CONSULTANCY

The Farmer Review of the Construction Industry: '*Modernise or Die*'

'Demand Led Skills Transformation'

Mark Farmer

Sustainable Building Training Summit
6th December 2017

Reminder of Context



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We Have a Burning Platform



The *Modernise or Die* Challenge Addressed to
Clients, Industry & Government



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We need to train and retain more home grown talent

Through creating more attractive long term career opportunities

Which will prepare us to be able to do more with less resource in the future

To help do this we need to create a new type of demand for better outcomes

We need to then use that demand to underpin the evolution of new skills and training
which will make us to be more productive & attract a new generation of workers

“Demand Led Skills Transformation”



**IF NECESSITY IS THE
MOTHER OF
INVENTION,
DISCONTENT IS THE
FATHER OF
PROGRESS.**

Discontent from Within....



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But Discontent with Construction Performance is Now Coming from Elsewhere.....



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For the Homebuilding Sector There are Some Very Real Pressures That Need to be Addressed

More homes, fewer complaints
Report from the Commission of Inquiry into the quality and workmanship of new housing in England
July 2016

PropertyWeek.com
HOME NEWS FINANCE DATA RESI PEOPLE INSIGHT
Regions 5 Brexit Planning & Policy Retail Industrial Offices
RESI 2017: Housing minister calls on housebuilders to 'step up' on quality
14 September 2017 By Samantha Partridge
The housing and planning minister Alok Sharma has called on the industry to improve the quality, not just quantity, of homes being built, during his first speech taking up the role.
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CIC BUILT ENVIRONMENT PROFESSIONS TOGETHER
The Construction Industry Council (CIC) is the representative forum for the professional bodies, research organisations and specialist business associations in the construction industry.
Home About Us News Events Services Projects Networks & Committees Tenders & Vacancies Blog Shop
Services
Adjudication
APPG for Excellence in the Built Environment
Officers
Inquiry into achieving best value in...
Inquiry into sustainable construction...
Inquiry into Project Mitigation and...
Inquiry into the Quality of New Built...
Inquiry into the Impact of Brexit on...
Inquiry into New Homes Ombudsman
Post Meetings
Reports
Appeals Tribunal
Approved Inspectors
Consultations
Contracts
The Design Quality Indicator (DQI)

New Homes Ombudsman Inquiry - Call for Evidence
appg
The All Party Parliamentary Group for Excellence in the Built Environment (APPEB) is pleased to announce its sixth inquiry, which will look into the potential and detail for a New Homes Ombudsman.
As the Government seeks to increase housebuilding, it is essential that we not only build more homes, but ensure that they are of the highest quality and that customer satisfaction is of the highest levels.
In gathering evidence on the quality of new homes for our 2016 report, *More homes, fewer complaints*, it became rightly apparent that consumers had inadequate redress to sort out problems they were encountering with new homes. As a result, our main recommendation from that inquiry was to set up a New Homes Ombudsman. The idea has been very well received and we would like to explore it further in our next inquiry.
In particular, we are looking for evidence on:
- Current complaints procedures for purchases of new homes, including how they work, what works well and their limitations
- The potential scope for a New Homes Ombudsman and how it could work in practice
- How could a new position be funded by the home building sector and what would be the alternative?



An Understanding of the Root Causes of Delivery Failure Needs to Define the Solution

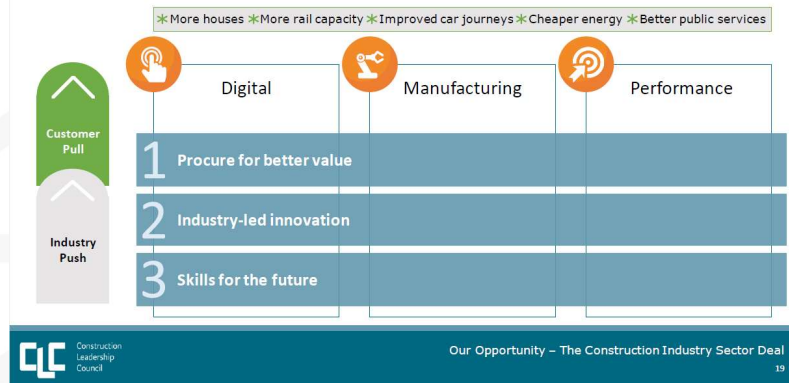
**Design,
Procurement and
Construction
Delivery Success**

Move towards manufacture
led & hybrid construction
No of T... Interfaces
Move towards more integrated
procurement models
(Horizontal Integration)



The Construction 'Sector Deal' Narrative is a Critical Milestone

...delivered through three key enablers



In UK Encouraging Wider Institutional & Policy Reforms Led by Both Government & Industry Have Been Taking Place in the Last 12 Months

Department for Communities and Local Government

citb

citb

citb RESEARCH

Faster, Smarter, More Efficient: Building Skills for Offsite Construction

A NEW REALITY: Immersive Learning in Construction

RISE OR DIE: A REVIEW OF THE CONSTRUCTION MODEL

Full Report

The second in a series of CITB Research Reports on Productivity and Future Skills September 2017

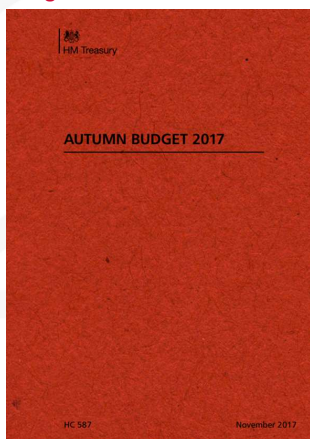
Research summary and action plan

The first in a series of CITB Research White Papers on Productivity and Future Skills

Accelerated Construction Expressions of Interest

Fixing the broken building system

The 'Sector Deal' When Combined with Wider Autumn Budget Announcements Creates a 'Game Changer' Moment for Construction



5.25 Construction skills – The government will support industry to help ensure that there is a workforce fit to build these homes, providing £34 million to scale up innovative training models across the country, including a programme in the West Midlands. The government is working with industry to finalise a Construction Sector Deal that will support innovation and skills in the sector, including £170 million of investment through the Industrial Strategy Challenge Fund. Construction skills will also be a focus for the National Retraining Scheme. (31)

4.52 Construction – The government is taking a series of steps to improve the cost effectiveness, productivity and timeliness of infrastructure delivery. The government will use its purchasing power to drive adoption of modern methods of construction, such as offsite manufacturing. Building on progress made to date, the Department for Transport, the Department of Health, the Department for Education, the Ministry of Justice, and the Ministry of Defence will adopt a presumption in favour of offsite construction by 2019 across suitable capital programmes, where it represents best value for money.



The 'Sector Deal' When Combined with Wider Autumn Budget Announcements Creates a 'Game Changer' Moment for Construction



Construction Sector Deal

The government and the construction sector, through the Construction Leadership Council and with the leadership of Andrew Wolstenholme, have agreed a Sector Deal to transform the productivity of the sector benefitting the wider economy.

Construction is one of the largest sectors in the UK economy - with a turnover of £370bn¹⁴, contributing £138bn in value added to the UK economy¹⁵ and employing 3.1 million people (9 per cent of the total UK workforce¹⁶). The deal will substantially boost the sector's productivity, through greater investment in innovation and skills, creating new and well-paid jobs and maximising its export potential. This will also reduce the environmental impact, improve the efficiency and reduce whole life cost of new projects and buildings to help build the houses, schools, hospitals and major transport projects

we need.

What is in the deal?

The deal, the first of a series we intend to negotiate with the construction sector, contains commitments to work collaboratively in three key areas:

Procuring for Value

In the months ahead the sector and the government will work to ensure construction projects across the public and private sectors are procured and built based on their whole life value, rather than just initial capital cost. The sector will aim to develop a procurement standard and work with the Infrastructure and

Industrial Strategy White Paper

Projects Authority to develop cost and performance benchmarks for assets and contractors and monitor outcomes including increased housing capacity, productivity and pre-manufactured value among other initiatives.

Industry-led Innovation

A joint commitment to invest in a transformative programme which brings together the construction, digital technology, manufacturing, materials and energy sectors to develop and commercialise digital and offsite manufacturing technologies. This will accelerate change in the infrastructure and construction sector, ensuring new technologies that can help deliver the government's planned investments in infrastructure and our 2015 commitment to deliver a million

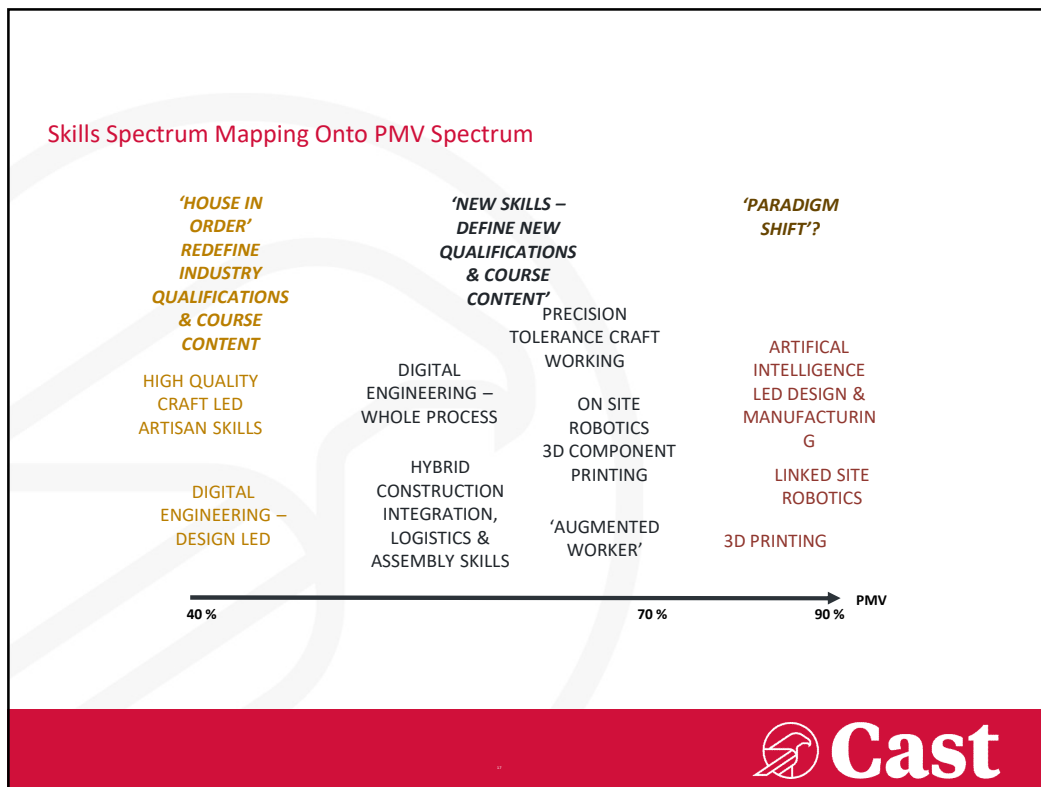
homes by the end of 2020 and half a million more by the end of 2022 are commercialised as quickly as possible.

Skills for the Future

The construction sector, with support from the government, will work closely in the coming months to drive increased investment in skills development, whilst adopting a more strategic and co-ordinated approach to recruitment, and equipping workers with the skills that they will need for the future. This will be achieved through a joint commitment to implement reforms to the Construction Industry Training Board to make it more strategic and industry led, and to enable the sector to make best use of funding from the Apprenticeship Levy.

To improve the productivity of construction, the *Transforming Infrastructure Performance* programme will use the power of government spending to help drive the adoption of modern methods of construction. This will build on the commitment made by five government departments to adopt a presumption in favour of offsite construction by 2019 across suitable capital programmes where this represents best value for money. This will bring together government and industry to facilitate implementation of the Construction Sector Deal, including £170m of investment through the Industrial Strategy programme, *Transforming Construction*, which will support innovation and skills in the sector.







A Case Study of a Coordinated Skills Strategy

1. POLICY LED DEMAND CREATION

LONDONASSEMBLY

Designed, sealed, delivered

The contribution of offsite manufactured homes to solving London's housing crisis

Planning Committee
August 2017

MAYOR OF LONDON

THE LONDON PLAN

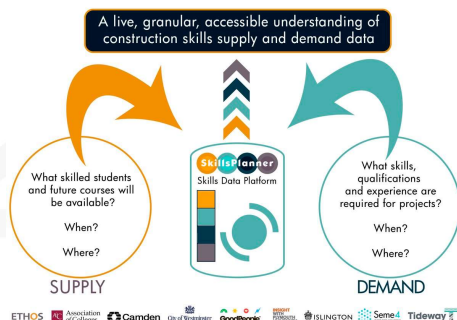
THE SPATIAL DEVELOPMENT

• Half of all homes built in London by 2021 should have a pre-manufactured value of over 50 per cent and the associated need to ensure the construction workforce has the required skills to deliver this should be reflected in London's training and skills provision.

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A Case Study of a Coordinated Skills Strategy

2. DEMAND PLANNING & AGGREGATION



Terms of Reference: Mayor's Construction Skills Advisory Group

November 2017

Introduction

The Mayor made a number of manifesto commitments on skills, including to:

- "Create a Skills for Londoners taskforce"
- "Establish a construction academy scheme, with the housebuilding industry, to close the gap between our ambitious housing targets and the need for more skilled construction workers in London"

The Skills for Londoners (SfL) Taskforce was launched by the Mayor in April 2017. It has a twin focus on ensuring that London's skills system meets the needs of London's businesses while supporting all Londoners to access the skills they need to progress in learning and work. Skills for Londoners brings together experts and key stakeholders to advise the GLA on delivery of the Mayor's manifesto commitments on skills and the role of skills in London's economic development. The Taskforce is being supported by a Stakeholder Advisory Group, on which the Taskforce can draw for advice and guidance and to establish subordinate bodies as required.

The Mayor also made clear in his manifesto that tackling the housing crisis is one of his top priorities and he committed to:

- "Break the homebuilding logjam by setting up Homes for Londoners – a new and powerful team at the heart of City Hall – and building an alliance of all those with a stake in building new homes for Londoners"

The Mayor set up Homes for Londoners (HfL) last year to work with local councils, housing associations and developers to build the homes Londoners need. One of HfL's aims is to explore and promote innovative construction methods, and work with the construction sector to develop the skilled workforce required to build thousands of new homes for Londoners. The Homes for Londoners Board, chaired by the Mayor, was launched in December 2016 to oversee and guide the work of HfL. The HfL Board commissioned a Construction Skills Sub-group, which was commissioned by the Board to look at challenges facing the construction industry in terms of skills and capacity and report back to the Board. The Sub-group had a specific focus on the challenges faced by housing construction, rather than construction more widely.

Terms of Reference of the Mayor's Construction Skills Advisory Group

- To support and oversee the development of the Mayor's Construction Academy Scheme (MCAS).
- To review and oversee progress and delivery of the MCAS.
- To make strategic and policy recommendations pertaining to MCAS to the Skills for Londoners Taskforce and Homes for Londoners Board.



A Case Study of a Coordinated Skills Strategy

3. FE SECTOR STRATEGY & TRAINING ALIGNMENT

MAYOR OF LONDON **LONDONASSEMBLY** Search

MAYOR OF LONDON

MAYOR'S CONSTRUCTION ACADEMY SCHEME (MCAS)

Michelle Cuomo- Boorer
Greater London Authority

Recommendations of the Homes for Londoners Board Construction Skills sub-group

Ellen Storrar, Senior Policy Officer (Housing), GLA

Kirklees College



A Case Study of a Coordinated Skills Strategy

4. TRANSITION TO APPLICATION OF NEW SKILLS IN FACTORIES & ON SITE



A Case Study of a Coordinated Skills Strategy

5. ENABLEMENT OF INDUSTRIAL STRATEGY AMBITION FOR REBALANCED UK GROWTH



Interconnected geographic skills & training linkages with London being a net donor to the regions of economic growth



Closing.....

Modernise or Die is a challenge which has echoed around the construction sector & hopefully raised awareness of unprecedented looming problems

New drivers for change are starting to impact that we have not seen before – skills & resource crisis & discontent combining with an unprecedented technology opportunity

Emerging central & regional government policy has the potential to strategically initiate the industry on its modernisation journey

Urgent re-planning of the skills landscape for the built environment sits at the heart of whether we will successfully embrace the opportunity.....irrespective of technology advancement

