



Housing & Land Delivery Board

Date	18 October 2023
Report title	Homes for the Future: Draft Strategy
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Report has been considered by	<ul style="list-style-type: none">• March, September, November and December 2022; and May, June and September 2023 - Housing & Land Delivery Steering Group• April, October and November 2022; and January and April 2023 - Housing & Land Delivery Board

Recommendation(s) for action or decision:

The Housing & Land Delivery Board is asked to:

- Note progress with** the work to date to develop the **Homes for the Future** programme for **the West Midlands**, and wide-ranging input from the Future Homes Taskforce and local authority partners across the region, among other relevant stakeholders;
- Discuss and comment** on the final draft of the Homes for the Future strategy (attached as Annex 1);

- c) **Discuss and comment** on the amendments to the report on costs attached as Annex 2 prepared by Cast Consultancy and amended in accordance with Delivery Steering Group's previous request for amendments; and
- d) **Note the progress, discuss and comment** on the work to date on the Homes for the Future Comms Strategy and Implementation Plan, including plans for the Homes for the Future launch.

1.0 Purpose

- 1.1 The purpose of this report is to:
- summarise the work that has been undertaken under the leadership of the Housing and Land Board on Homes for the Future
 - invite any final comments on the content of the strategy document from Delivery Board; and
 - summarise the work to date on the Homes for the Future Implementation Plan and Comms Strategy, including the launch event

2.0 Background

2.1 **In April 2022, Housing & Land Delivery Board agreed a programme of work to develop a ‘Homes for the Future Strategy’ in 2022/23.** The scope being to produce a coherent strategy to accelerate the development of the Future Homes Cluster in the Plan for Growth, secure delivery and investment in Advanced Manufacturing in Construction (AMC); zero carbon homes (ZCH); get the region ready for the roll-out of changes to Building Regulations (Part L) set out in the Government’s emerging Future Homes Standard; and consequential reduced occupier costs in the new homes.

2.2 **WMCA’s Homes for the Future builds on the work already pioneered to date around AMC and ZCH** under Housing & Land Delivery Board.

This new integrated strategy is a **cross-cutting document** that is directly linked to a range of regional policies and programmes:

- unlocking the potential of the ‘*Manufacture of Future Housing*’ economic cluster in the West Midlands Plan for Growth (launched July 2022);
 - the West Midlands brownfield housing and regeneration programme (launched in the 2018 Housing Deal)
 - WM2041
 - Investment and Levelling Up Zones (March 2023 Devolution Deal)
 - The Affordable Housing Programme (March 2023 Devolution Deal)
 - The Public Land Programme (March 2023 Devolution Deal)
 - the investment opportunity in future homes set out in the West Midlands Investment Prospectus (launched May 2023); and
 - the high-level deliverables of the Housing & Land Portfolio agreed by WMCA Board in February 2023.
- 2.3 Housing & Land Delivery Board has previously been updated on the process to develop Homes for the Future including the appointment of Cast Consultancy; the establishment of a Future Homes Taskforce with membership drawn from across the construction and residential development industry; the launch of research projects to create an evidence base to underpin the new strategy; and the detail of a Technical Standard appropriate for the West Midlands.
- 2.4 **This work has been brought together in the form of a Homes for the Future strategy document – a final draft of which can be found under Appendix 1.** In addition, a report on the potential cost implication of complying with the standard can be found under Appendix 2 with the alterations requested previously by Delivering Steering Group.

2.5 **Homes for the Future has been developed with the oversight of the Future Homes Taskforce.** The Taskforce last met on 9th October 2023 where members expressed strong support for the programme of work and stressed the importance of showcasing industry support and early wins through landing a successful comms strategy and continuing work post-publication in the form of a wide-reaching Implementation Plan. The Taskforce will meet again in November, prior to publication of the strategy, and will continue to be involved, not least through providing comments on the final strategy before its publication, endorsement and support of the strategy through promotion of WMCA's comms programme, and support in implementing the standard and continuing momentum on the programme after the strategy document is published. The taskforce is currently being asked to consider its role moving forward and how it can support with the Homes for the Future Implementation Plan.

3.0 Cost implications

3.1 At the request of Delivery Steering Group and Housing & Land Delivery Board, Cast Consultancy were commissioned to research the potential cost implications of the proposed Technical Standard which is embedded in Homes for the Future. Their draft report is attached as Annex 2 for discussion and comment.

3.2 Cast has undertaken a review of the potential cost impact of the emerging Homes for the Future Technical Standard for mid-terrace and flat typologies, and as a result of request for further information have now extended this to detached dwellings. Their methodology includes a number of assumptions, many of which are susceptible to change over time, particularly as the industry adopts, and adapts to, new standards:

- Their baseline of each typology is based on a 'typical' approach. The modelling then considers the potential evolution of the construction costs based on proposed standards for 2023, 2025 and 2030 including considering the likely methodology that would be adopted to meet the standard (based on current-day costs).
- They also consider the changes that would be required to achieve the forthcoming Future Homes Standard 2025, which central Government has recently consulted on. They have sought to distinguish between the costs that would be incurred in achieving the WMCA standards and those that developers will need to prepare for regardless of the WMCA strategy.
- The approach to meeting the WMCA standard is based on a hypothetical scenario and includes assumptions around changing to a timber panelised approach for the mid terrace property, potential foundation savings for light structure, and an allowance for changes to mechanical, electrical and plumbing (MEP) solutions.
- The cost impact has been based on assumptions around the likely cost from experience, however, is not measured from a detailed design assessment of a specific scheme.
- A series of assumptions around the likely cost impact of the technical standards are considered. There are clearly a variety of different approaches that could be adopted; therefore, a cost range has been included to accommodate the variation between different schemes in terms of site, context, scale etc.
- The cost assessment is presented on a £/sq ft basis. For the flat typology this has been derived from taking a typical 8 storey flat block as a baseline to assist in establishing the impact on the % cost impact of the proposed standard.

3.3 The findings of the research are set out in the draft report and may be summarised as:

- Construction labour shortfalls are very likely to increase the baseline cost of construction whereas the WMCA approach which incentivises a shift to different construction approaches, using MMC, a different workforce model and less site labour reliance will be less affected by this trend
- It is highly likely that the supply chain will adjust and become more efficient. By moving ahead of regulation, WMCA will stimulate the market to evolve sooner
- It is highly likely that regulation will continue to get stronger and will mirror the approach WMCA is taking now by introducing embodied carbon reduction targets
- Cost implications of the WMCA standard reduce to between £0 and £2,000 per new home in future scenarios
- WMCA would also signal change sooner to the supply chain, giving regional suppliers an early mover advantage in preparing for future national change.

3.4 At the request of Delivery Steering Group, an additional section, exploring the cost to detached properties, has been added to the report. This builds upon the cost analysis of flats and terraced houses.

4.0 Comms Strategy

4.1 Prior to the publication of Homes for the Future, WMCA is developing a comprehensive comms strategy to build momentum behind the strategy. Through the use of infographics comparing a traditional build and a build under our new standard, we will profile the benefits of aligning with the standard such as the increase in energy efficiency, reduction in average energy bills, and reduction in construction waste, among others. This will support the key tenets of the strategy, as well as communicating three key benefits for residents, developers and the West Midlands; social, economic, and environmental.

4.2 Central to communicating these messages will be engagement with residents. We will be using feedback from residents who are living or who have lived in homes that either meet the Homes for the Future standard, meet some aspects of the standard or are heading in the direction of meeting the standard. WMCA is currently developing a social media package to ensure effective delivery of these messages.

4.3 Housing Associations and developers will also contribute to the comms programme through endorsement of the strategy and the provision of quotes in support of Homes for the Future. In addition, WMCA will be requesting endorsement for the strategy and further quotes from Future Homes Taskforce members' respective organisations.

4.4 As part of our communications, we are seeking to profile additional sites to those already referenced in the strategy document. With permission of relevant party, we will profile sites throughout the West Midlands as part of our comms strategy to demonstrate proof of concept and delivery.

4.5 A suitable launch venue has now been secured in the form of the National Brownfield Institute where a state of the art immersive 360° room will allow the vision for Homes for the Future to be communicated in an engaging and immersive way. We are also exploring the options of visiting exemplar sites prior to the launch with regional news operators to speak with residents who have benefitted from homes which have embraced Homes for the Future principles. Exact details are currently being worked up and an invite list being prepared. The comms programme will continue however after

the launch of the strategy, in order to profile the success of the strategy and respective sites that adhere to it.

5.0 Implementation Plan

- 5.1 Through the Homes for the Future Implementation Plan, WMCA will ensure that the programme does not end with publication of the strategy. It is recognised that developers will need support with understanding the standard, sourcing the appropriate manufacturers, understanding how to apply for WMCA funding more widely, and accessing support from WMCA should they require it. This will be particularly important for SMEs and smaller developers.
- 5.2 Additionally, the expanding the skills base that can deliver Homes for the Future will be a key programme of work for WMCA. In order to enable the supply chain to develop, WMCA has the potential to offer support for skills development in relation to Homes for the Future. WMCA has discussed the potential of facilitating a forum upon which relevant WMCA colleagues could engage with key stakeholders to understand where support to develop skills in relation to Homes for the Future is needed, as well as bringing together relevant stakeholders to advance knowledge and research in this field, share best practice, and make meaningful connections with others in the field.

6.0 Next steps

- 6.1 Comments on the final draft strategy and costs report are invited at the meeting. This will be last opportunity for members to comment on the content of the strategy document prior to its publication.
- 6.2 An extensive engagement programme has taken take place over the summer months to ensure co-development of the document and engagement in the process. There will also be further input from the Future Homes Taskforce and industry representatives and alignment with activities related to WMCA's Plan for Growth, Deeper Devolution Deal outcomes and funding streams. Engagement will continue after publication to build a knowledge base around Homes for the Future, support best practice, and learn from real-world Homes for the Future.
- 6.3 An extensive comms programme is currently being worked up and will continue to progress even after publication of the strategy. Updates as to its progress will be brought to future meetings of Housing & Land Delivery Board.
- 6.4 The Implementation Plan will be fleshed out to support delivery of Homes for the Future after publication of the strategy. This will be achieved through working with developers of all sizes to support their understanding and implementation of the strategy, and expanding the skills base that can deliver Homes for the Future.
- 6.5 This final version of the strategy, one which has secured full support through the engagement process and received final comments from Delivery Steering Group, will be taken to Housing & Land Delivery Board for final endorsement in October 2023. Consideration is currently being given to a formal launch in late November/early December.

7.0 Financial Implications

- 7.1 It is noted that the purpose of this report is:
- to update the Delivery Steering Group on progress in developing a Homes for the Future strategy ('the Strategy'); a technical standard aligned with the Single

Commissioning Framework; and supporting guidance documentation for investors and developers; and

- to present the findings of research undertaken on the cost implications of the Strategy, which are noted in the Technical Standard Initial Cost Appraisal from Cast Consultancy, along with the underlying assumptions used.

7.2 Progress is underway on the development of the Strategy and this activity will be undertaken from within the existing resources. Further details on the progress of the Strategy, including emerging financial implications, will be reported to future Housing & Land Delivery Steering Group and to the Housing & Land Delivery Board before onwards approval by the relevant Board.

8.0 Legal Implications

8.1 Section 113A(1)(a) of the Local Democracy, Economic Development and Construction Act 2009 gives WMCA a power of competence appropriate for the purposes of carrying-out any of its functions. Part 4 of The West Midlands Combined Authority Order 2016 (2016 No 653) confers that the functions relating to any economic development and regeneration in the constituent councils are exercisable by WMCA. Part 3 of The West Midlands Combined Authority (Functions and Amendment) Order 2017 confers functions corresponding to the functions of the Homes and Communities Agency has in relation to the combined area. Paragraph 10 (2) (a) of the 2017 Order confers the function of improving the supply and quality of housing to the Combined Authority, 10 (2) (b) to secure the regeneration or development of land or infrastructure in the combined area, 10 (2)(c) to support in other ways the creation, regeneration or development of communities in the combined area or their continued well-being and 10 (2)(d) confers the function of contributing to the achievement of sustainable development and good design.

8.2 It is noted that the purpose of this report is inter alia to provide a summary of the work to date on Homes for the Future and to invite comments on the typical costs associated with the implementation of the strategy. Although this paper does not create any direct legal implications, the implementation of the strategy is likely to involve industry wide changes that will have legal implications. Consequently, the relevant internal assurance frameworks will need to be strengthened to incorporate any related changes and to ensure consistency of implementation of the strategy in the delivery of schemes. Legal advice should be sought as when required.

9.0 Equalities Implications

9.1 There are no immediate equalities implications in relation to this report. However, individual strategies and delivery schemes will need to take into account local area needs and local stakeholder needs to ensure the schemes benefit local residents, including harder to reach groups. To that effect, equality impact assessments will need to be conducted to understand demographics, key inequality issues and how investment can help address key inequality gaps. Engagement and consultation with key equality stakeholders is also crucial. Long-term equalities benefits are likely to include warmer homes for residents, lower energy bills, and healthier properties.

10.0 Inclusive Growth Implications

10.1 Homes for the Future will be used to inform WMCA's approach to growing the AMC sector, zero carbon homes and new energy standards in an equitable way, maximising economic benefits, housing quality and job/skills opportunities across the region's communities.

10.2 Inclusive Growth benefits are expected to include supporting tackling fuel poverty, supporting the circular economy agenda, improving the climate resiliency of homes, supporting the goal of zero-waste construction, and health and well-being benefits.

11.0 Geographical Area of Report's Implications

11.1 The recommendations of this report apply to the whole of the WMCA area.

12.0 Other implications

12.1 None

13.0. Schedule of Background Papers

13.1 None