



Housing & Land Delivery Board

Date	20th July 2022
Report title	Future Homes Strategy: Discussion paper
Portfolio Lead	Housing and Land: Councillor Mike Bird
Accountable Employees	Gareth Bradford, Executive Director of Housing, Property & Regeneration Patricia Willoughby, Head of Policy & Planning (Report author)
Previous reports:	<ul style="list-style-type: none">• April 2022: Discussion at Housing & Land Delivery Steering Group• April 2022: Housing & Land Delivery Board

Recommendation(s) for action or decision:

Housing & Land Delivery Board is recommended to:

- a) **Note** the work undertaken to progress a '*Future Homes Strategy*' to drive take up of advanced modular construction techniques, zero carbon homes and the roll out of the Future Homes Standard with the aim of establishing the West Midlands as the leading UK region in terms of future homes policy and delivery;
- b) **Note** that the product of this work will be an integrated strategy that directly supports key policy agendas of WMCA such as the Plan for Growth, WM2041, 2018 Housing Deal and the 2022 Investment Prospectus;
- c) **Discuss and consider** the potential contents and remit of a Future Homes Strategy;
- d) **Note and support** the work of the Future Homes Taskforce (previously called the AMC Taskforce) chaired by Mark Farmer to support and drive the work forward; and
- e) **Consider and endorse** the proposed next steps.

1.0 Purpose

- 1.1 The purpose of this report is to inform the Housing & Land Delivery Board of work now underway to develop a '*Future Homes Strategy*'. This new integrated strategy is directly

linked to unlocking the potential of the Future Homes economic cluster in the West Midlands Plan for Growth (launched July 2022), and the investment opportunity into future homes set out in the West Midlands Investment Prospectus (launched March 2022) alongside delivering the key components of the Housing & Land Delivery Board's Business Plan and 2018 Housing Deal.

2.0 Background

- 2.1 A considerable amount of work has already been undertaken on workstreams related to future homes including dedicated taskforces and a sub-group. In recent years the taskforces and sub-groups have co-developed the Advanced Manufacturing in Construction (AMC) Roadmap; the Zero Carbon Homes Charter and Routemap; and the Government's proposed Future Homes Standard (to be applied from 2025). Separate conversations have taken place with suppliers, developers and investors to understand the challenges of taking forward this agenda, and with universities and colleges to ensure that the essential skills base exists in the region going forward.
- 2.2 There is wide ranging acknowledgement that the use of new technology and applying higher standards of design and energy efficiency impact not only on suppliers and housebuilders but also on occupiers who stand to benefit from better quality homes, reduced energy costs and improved health and wellbeing. There is also huge potential to benefit the West Midlands economy directly addressing the challenges of the Housing & Land Covid-19 Recovery Strategy, the West Midlands 'Recharge' document and the opportunities identified in the West Midlands Plan for Growth.
- 2.3 To date, these matters have been taken forward as separate workstreams and initiatives. At recent meetings of the Housing & Land Delivery Board Members have asked us to drive forward these areas of work as an integrated and holistic strategy which captures, comprehensively, the social, economic and environmental benefits.
- 2.4 A '*Future Homes Strategy*' was thus commissioned by the Housing & Land Delivery Board at its meeting in April 2022 to bring together different initiatives in **a coherent strategy that drives the delivery of, and investment in, Advanced Manufacturing in Construction, zero carbon homes and the accelerated roll-out of the Future Homes Standard across the region.** A '*Future Homes Strategy*' is recognised as an important component of the housing and land portfolio which will reflect the shared ambition across the region of increasing housing supply, establishing the West Midlands as an exemplar in the take up of AMC, responding to the 2041 zero carbon agenda, developing new skills and working practices and improving the environmental sustainability of new homes.

3.0 The Scope of a Future Homes Strategy

- 3.1 There is consensus that delivering homes for the twenty-first century will require public sector support and a clear vision, objectives and principles to establish the route to success and how to respond to the opportunities presented. Our ambition is to establish the West Midlands as the centre of excellence for low carbon living and modular construction in the UK.
- 3.2 The new work needs to build on the work to date around AMC and zero carbon homes under the leadership of the Housing & Land Delivery Board. **The focus in this strategy should be on delivery, at pace and scale**, providing support for suppliers,

housebuilders and training providers. The aim will be continuing to encourage the growth of modern construction including skills, training and local supply chain growth. **The work will take a pragmatic approach, building on what has been done before, securing clear change through incremental growth but ultimately achieving the end goals.**

- 3.3 The intention is to **produce a strategy which establishes a pathway from overall ambition and vision to delivery and investment.** We would welcome any early steers from the Housing & Land Delivery Board prior to further conversations with the Housing & Land Delivery Steering Group and the Future Homes Taskforce.
- 3.4 Components of the Future Homes Strategy are expected to include:
- a clear strategy and vision
 - supporting objectives and deliverables
 - a review of the underpinning evidence and academic research, latest industry intelligence and a review of existing charters, routemaps and standards
 - understanding how mainstream levers of growth (e.g. skills supply, supply chain development and business support, supply of growth capital) can be flexed according to the needs of manufacturers of future homes"
 - an ambitious Delivery Programme including key exemplar projects
 - a review of the future homes requirements of the Single Commissioning Framework
 - securing new, and strengthening existing, Investment Partnerships to deliver future homes aligned with the strategy
 - a clear comms plan with tangible examples of success
 - securing new Government funding for brownfield land which WMCA will seek to leverage to support the strategy.
- 3.5 The strategy will be an essential tool for use in negotiations with HM Government on future funding and deepening devolution, demonstrating public sector commitment, private sector buy-in, and a clear programme targeting supplier growth and skills development.

4.0 Progress

- 4.1 The following actions have been taken since the commissioning of the work by the Housing & Land Board in April 2022:
- **a single 'Future Homes Taskforce' has been established from a rebranded and renewed AMC Taskforce,** led by Mark Farmer, an industry expert and Government adviser on modern construction techniques
 - **Cast Consultancy has been commissioned to support WMCA in the development of the strategy and the underpinning evidence base**
 - **a widespread engagement strategy is underway** involving local authorities, suppliers, developers, skills providers and other stakeholders to inform our approach and the measures to be taken
 - **work has begun by WMCA reviewing the key requirements in the Single Commissioning Framework** pertaining to future homes
 - **conversations have occurred with new and existing strategic investment and development partnerships.**

4.2 The deliverables which the strategy will seek to achieve are:

- **implementing priority activities identified in the West Midlands Zero Carbon Homes and AMC Roadmaps**
- **establishing the West Midlands as a centre for excellence** in AMC and zero carbon homes
- **proactively targeting building & technology manufacturers** to encourage them to invest in manufacturing capacity in the region enhancing existing supply chains, and
- **developing housing sites with a focus on modular/off-site construction and decarbonisation**

4.3 WMCA, through its work on a Trailblazer Devolution Deal, is also seeking to secure more powers, funding and influence at a regional level to support the delivery of future homes across the West Midlands. It is recognised that the future homes strategy will be fundamental in unlocking both Government and private sector investment.

4.4 In terms of programme, much of the work will be undertaken over summer and a further report, including a draft of the strategy document will be presented to the Housing & Land Delivery Board for consideration at its next meeting in October 2022.

5.0 Financial Implications

5.1 There are no direct financial implications arising from the Future Homes Strategy paper. There may be, in future, financial implications arising from decisions to progress projects in delivering a regional increase in homes built to higher standards using new technology but any such decisions would be subject to WMCA's approved governance and assurance processes.

5.2 At present there is no dedicated funding for the higher standards implied by the use of new technology and application of higher standards, any investment in these matters through WMCA will come through the existing devolved funding. An investment case for an AMC Acceleration Fund was previously submitted by WMCA but, to date, this additional funding has yet to be secured.

5.3 Any WMCA investment into future homes delivery would be governed and administered through the WMCA Single Assurance Framework and in line with the accounting and taxation policies of the WMCA and HMRC.

6.0 Legal Implications

6.1 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.

- 6.2 It is noted that the purpose of this paper is to highlight the decision by the Housing & Land Delivery Board to commission a Future Homes Strategy to drive the take up of AMC in the region, to encourage zero carbon homes and to accelerate the roll out of the Future Homes Standard as well as to provide a scope of work for discussion. It follows the work on AMC and zero carbon homes including the development of charters and routemaps and recognises the importance of the sustainable construction practices, in particular the need for modular homes and zero carbon homes to be the focal point in meeting the West Midlands targets for new homes, the aim being to attract more suppliers to the region and enhance and create opportunities for manufacturers and suppliers and constructions companies delivering new homes and to promote the growth of the supply chain.
- 6.3 Legal advice should be sought at appropriate stages in the development and implementation of the AMC and Future Homes Strategy to ensure compliance with governance and legal requirements and the Single Commissioning Framework should be strengthened to ensure consistency of implementation of AMC requirements into the funding agreements on a case by case basis.

7.0 Equalities Implications

- 7.1 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 developed through the charter 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.

8.0 Inclusive Growth Implications

- 8.1 The proposed future homes strategy 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. Promotion of zero carbon homes and advanced manufacturing in construction have the potential to reduce household energy bills which should have a positive impact on occupier costs.

9.0 Geographical Area of Report's Implications

- 9.1 The recommendations of this report apply to the whole of WMCA's geographical area.

10.0 Other implications

- 10.1 None.

11.0. Schedule of Background Papers

- 11.1 None.