

# Modern Methods of Construction

It is fantastic to be here today (16 January 2020) in Sherburn at Legal & General's modular housing factory. Standing in what is the largest advanced manufacturing facility for modular homes not just in the UK, but in Europe, and, at its peak, will produce 3,500 new homes a year.

I want to applaud what you are doing here:

You have rightly recognised that what we need from our housing market is more choice and better quality homes, with a real focus & emphasis on safety and with all that in mind, L&G have set out to deliver this by embracing Modern Methods of Construction, or MMC.

Locating, smack bang, in the 'Northern Construction Corridor'.

In fact it is in the North of England where the most exciting innovation in MMC is happening and primed to grow.

And today, you have shown me how you are going about shaping the future of the construction industry by using:

- digitally designed houses where the computer code feeds directly to the production floor,
- and the best automation and assembly-line production techniques.

This industrialisation of housebuilding offers a unique opportunity to drive affordability into the sector which can then, in turn, be passed on to the house buyer.

Economies of scale mean that the bigger the orders placed with modular businesses such as this, the better they are able to plan ahead and price competitively.

This means that in the long-term, MMC can be a large scale solution for every tenure: social housing, home ownership, build to rent and market sale.

L&G's first full modular development will show how modular homes can be designed around the needs of the modern customer, taking on board: safety requirements, environmental needs, quality standards as well as reducing living costs by delivering houses with low or no energy bills.

Through our 'Design Guide' we have set out how to deliver beautifully designed homes, and having met with your MMC design team I see delivering architectural quality is important to L&G too.

One of my first visits as Housing Minister was to the MMC development at Goldsmith Street in Norwich before it won the RIBA Stirling Prize.

Developments like that should remind us that we are building a new green homes revolution – harnessing all that technology has to offer.

When I've met families living in these 'green homes' – whether that's in Goldsmith Street in Norwich or just up the road in Leeds – saving 70 per cent on their heating bills, they really can't believe what an impact that saving has on their family bills – and how they can now use that money on other things, like family days out or a holiday. It really does have a positive effect on their lives.

## **Future Homes Standard**

Changing how we build houses really does offer us a huge opportunity to meet our ambitious climate change target of going net zero by 2050.

That is why we are currently consulting on our '[Future Homes Standard](#)', which will look to end gas boilers in new homes by 2025 and will promote overall energy efficiency.

The precision in design MMC offers will mean it is easier to meet 'A' rated energy efficiency standards, a rating that you at L&G want to offer as standard.

Efficiency is what house purchasers and investors will increasingly be looking for, just as we do already when buying everyday items such as a washing machine or a car.

On top of improving energy performance, MMC means much less waste and pollution in the construction process itself.

I will be looking at how we can incentivise the market to improve its carbon credentials and help consumers recognise the added value of having a 'green' home with low-to-no energy bills.

## **Modular Academy & apprenticeships**

Today you've shown me around your Modular Academy and I've had a chance to meet with your apprentices. Joining up with Selby College you are reinventing what homebuilding represents as a modern career choice, reaching out into the local community to find new employees and bringing onboard a local, diverse workforce.

This kind of investment in jobs and skills is exactly what we want to be promoting across the Northern Construction Corridor and beyond.

We need to attract new young talent to our industry as well as creating opportunities for traditional construction workers to be re-skilled in jobs that have:

- Better pay
- Better working conditions
- The ability to move from role to role with career progression, say from production shop floor, to design office or out on-site assembling modules.

In fact today I met with an employee who had moved from being the company's security guard to being part of the production team. He says it was his wife who nudged him along. They came to a work's family day, found out about the opportunity & she encouraged him to take it up – which he did. But he could only have done that because the opportunity existed.

## **International trailblazers**

Companies like this are gearing up to deliver in a way that has historically only been associated with more established MMC trailblazers abroad.

For instance

- Tokyo has the capacity to build more houses per year than the entire UK because Japan has been embracing MMC for 50 years.
- Sweden is now building at least 45% of their new homes off-site in factories.
- China has set an ambitious target that 30% of all new buildings will be constructed off-site by 2026.
- Singapore requires all development on government land to use modular construction.
- and Germany has a carbon positive MMC factory with an industry globally renowned for high quality modular housing.

## **Post Brexit Business**

To that end and to oversee the future of modular building in this country we have an MMC Champion, Mark Farmer, who I'm delighted is with us today, helping shape MMC by developing the safety, quality and potential of this industry.

It is only right that here, in the North, where the first industrial revolution hit the world, that we forge ahead with a new one.

A new revolution which will enable the UK to lead the way in an exciting new industry.

An industry that once mature will be worth £40 billion a year.

This revolution in housebuilding must be underpinned by quality and safety.

It is part of a new era of post-Brexit prosperity and opportunity, led by the north, unlocking our true regional economy potential.