

GREATER LONDON AUTHORITY

The Rt Hon Philip Hammond

Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Nicky Gavron AM

Chair of the Planning Committee
Londonwide Assembly Member

17 November 2017

Dear Chancellor,

Cross-party letter from Nicky Gavron AM, Chair of the Planning Committee

It is clear that we are now at a seminal point in our nation's post war history, when we can no longer tiptoe around the periphery of the UK's housing crisis. While no silver bullet exists, what is clear is that only bold steps can have meaningful impact. It is also clear that any solution will need to be accomplished by putting politics aside and working collaboratively for the greater good. That is why we write to you today as cross-party London Assembly members focused on one single outcome: fixing the broken housing market.

Last year's Farmer Review of the construction industry, commissioned by your colleagues at DCLG and BEIS, bluntly concluded that the construction sector, including the homebuilding sector, must "modernise or die". Its conclusions were rightly applauded but real progress needs a firm hand of support.

The London Assembly's own report, published in August 2017, "[Designed, sealed, delivered: the contribution of offsite manufacturing to solving London's housing crisis](#)", highlighted the numerous advantages of using offsite manufacturing (OSM) in building the homes that the capital needs. Furthermore, the report highlighted issues surrounding investment in the OSM sector as a major barrier to it reaching the scale needed and accelerating the Capital's housing delivery rate.

We urge you, as part of your Budget, to commit significant investment to help develop offsite manufacturing and to use other land, planning and fiscal policy measures as appropriate. Specific support for London in terms of additional funding will enable it to lead industrial transformation and act as an engine room for regional growth in precision manufacturing, creating thousands of jobs right across the UK with London being a key driver of end demand. Rebalancing growth in this way is unique to OSM.

Whether we like it or not – and whatever initiatives we adopt to help small developers or volume housebuilders – traditional bricklayers and construction workers alone aren't going to be available in sufficient numbers with the right skills to build the number of new homes we need. Construction has lagged behind in productivity terms for decades and now, only a cutting-edge, digitally-led industry that combines both traditional construction and factory-based precision manufacturing can support the vast demands we as a nation now require. Far beyond providing just for Londoners, such a sector could provide a major economic boost – including jobs and training – for people right around the country, aligning to your Industrial Strategy objectives.

There are five principal reasons why you should commit funding to London in support of OSM for housing:

1. *Consistency and innovation: New technology allows for consistent quality, better energy efficiency and more sustainable use of materials.*

A controlled offsite environment, where digitally-led precision manufacture techniques are being pioneered, can create homes whose quality has the potential to outstrip traditional methods. Producing homes offsite in factories – and then assembling them onsite – paves the way to use all manner of new materials, ensuring our homes are as energy efficient as possible, while minimising carbon emissions from the construction process by centralising much of the labour-intensive construction outside congested areas.

2. *The need for speed: The problem needs fixing now. OSM can build homes far quicker than traditional methods.*

The housing crisis is nationwide, yet it is at its most pronounced in our cities, particularly London, which needs houses and it needs them fast. OSM accelerates the rate of home delivery, bridging the gap between growing housing demand and the current capacity in the traditional construction sector. The widespread adoption of OSM is crucial for achieving London's recently reviewed 66,000 homes per year target.

3. *We need a realistic response to the skills crisis that encourages adoption of new technology. Pump-priming the sector would spur the innovation and research and development that we must support*

Construction needs to be brought into the 21st century by using modern technology. OSM relies on digitalised processes, 3D printing, automation and robotics. Not only will a robust OSM sector alleviate the traditional skills shortage – highlighted by the majority of professionals and industry experts, but it will provide the demand basis for creating new jobs and reskilling the existing workforce. This demand will serve far more than the housebuilding industry and can help underpin broader ambitions that you have rightly begun to set out around supporting R&D across industry.

4. *Attracting younger workers to construction*

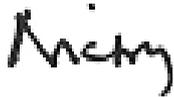
As much as automation and new technology is required, so too is attracting younger people into the construction industry. A quarter of London's construction workforce is currently from the European Union, leaving the sector exposed to a skills crisis post-Brexit. OSM can attract the younger generation to digitalised career paths, minimising the industry's reliance on imported skills and giving us a further opportunity to upskill workers at home to build the homes that are so desperately required. This is a win-win for everyone.

5. Driving collaboration to make the sector less fragmented

OSM drives innovation and collaboration which is something the construction industry desperately needs. In a fragmented construction sector, actors are unable to collaborate in achieving targets on time and in budget. New technologies that are embedded in OSM drive further cross-sector collaboration and integrated supply chains as we see in automotive and aerospace industries, reducing delivery inefficiencies that hold back the construction process.

In order to reap the benefits of OSM and move one step closer to fixing our broken housing market, investment in this method of construction must generate scale at both a national and local level. For all these reasons, we respectfully urge you to commit to showing suitable support for OSM and promoting this across London in order to see a real solution to our housing crisis that is squarely focused on addressing supply-side factors.

Yours sincerely,



Nicky Gavron AM

Chair of the Planning Committee
Labour Londonwide Assembly Member



Andrew Boff AM

Deputy Chair of the Housing & Planning Committees
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Len Duvall AM

Leader of the Labour Group



Gareth Bacon AM

Leader of the Conservative Group



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Caroline Pidgeon AM

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