



Policy briefing note - For the attention of:
UK Government and the devolved nations



FOREST POLICY BRIEFING NOTE

Unlocking the potential of offsite manufactured timber housing in Wales: The challenge of procurement

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INTRODUCTION

This briefing paper has been prepared following the first meeting of the Welsh timber frame manufacturing group. The purpose of the group is to better understand and address the barriers to sector development. The group currently consists of Castleoak, Fforest Timber Engineering, Lowfield Timber Frames, PYC Construction, SO Modular and Williams Homes

PURPOSE

The purpose of this paper is to present a common view as to why the Design and Build (D&B) procurement process, as most commonly implemented by social housing clients, is hindering the development of the Welsh timber offsite manufacturing sector.

CONTEXT

We believe that the Welsh timber frame manufacturing sector is the starting point for the rapid evolution of offsite manufactured zero carbon housing in Wales. The sector offers a practical and deliverable Welsh manufacturing route to achieving Net Zero Whole Life Carbon homes for both the Welsh and English markets.

An acceleration of the shift to offsite manufactured housing means a flow of value towards manufacturing and away from general contracting. It is therefore imperative that public procurement practice should support the strengthening of the manufacturing base

However, the timber frame industry often finds itself stuck in the middle of a highly competitive procurement process, characterised by low margins and late engagement.

PROCUREMENT

Current procurement practice is based predominantly upon cost and risk management. The risk is initially transferred from the housing client to the main contractor via a D&B contract.

The successful tenderer typically disaggregates some liabilities into discrete parcels and then passes risk onto sub-contractors. Expert offsite manufacturers are then engaged too late to influence design. They are squeezed on price in a competitive race to the bottom, regardless of their proven track-record of delivering high-value precision-engineered timber products.

Late engagement means that potential financial, speed and quality gains are rarely fully realised.

Furthermore, the design and build contract, as most commonly manifested, simply does not allow the level of continuity of relationship required for manufacturing to evolve, thrive and become the norm. **A manufacturing culture requires repetition, feedback and learning.**

The timber frame manufacturers, that should be at the heart of the 'offsite revolution', are squeezed to the periphery.

The Welsh Government Innovative Housing Programme (IHP) has shown that better outcomes are possible with the prevailing contractual models remaining largely in place. But, from a manufacturers perspective these remain ad-hoc one-off projects and not yet part of mainstream delivery.

CONCLUSION

Few construction professionals challenge the underlying premise that the future of housing is in offsite manufacturing. However, for Welsh timber manufacturing to be at the heart of the net zero carbon housing revolution, we believe that a different approach to social housing procurement is necessary.