

# Workshop 3D:

## Managing the risk of the off site build

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Chaired by: Karen Cannon (Walsall HG)

Room: Norfolk Room





BLP  
INSURANCE

# Managing the risk of off site build

Samantha Ferneley, BLP Insurance – 24<sup>th</sup> January 2018

BLP  
IS MANAGED  
BY **THOMAS  
MILLER**

**£4.1bn**

Construction BLP insured in 2016

**€200m**

Capacity (Any One Structure)

**AA**

S&P rating of our insurer  
Allianz Global Corporate & Specialty

**100%**

Approval by the major UK lenders

**30yrs**

Providing construction insurance

**125yrs**

Thomas Miller, our parent company,  
has been providing insurance





# Clients & beneficiaries of our insurance



KNIGHT DRAGON



## The facts:

- The UK is facing its biggest skills shortage for a generation
- The average age of the construction workforce is increasing – a potential time bomb that will play out over the next 10 years with net loss of 25% of workforce.
- We are finding it increasingly difficult to attract new talent into the industry and to replenish the level of leavers.
- 35,000 new entrants required just to stand still. With a huge shortage of skilled workers in the UK, building firms have been forced to double the wages for tradespeople from abroad, increasing the cost of traditionally built homes.
- Not only is this situation reducing output and increasing cost, quality is also suffering with an increase in construction defects and buildings not performing as designed. (Highlighted in the findings of the APPG For Excellence in the Built Environment report **More Homes, Fewer Complaints**)

And yet against this backdrop:

- The UK is facing a chronic housing supply shortage.
- We need to build more new homes to address backlog of under supply and future household formation growth and estimates vary between 200,000 – 300,000 homes per year.
- It is a fact that our industry has not delivered more than 200,000 homes in a year in England since 1988, with the last peak in 2007 totalling 178,000 homes.

- Traditional Housebuilders will continue to build as they are but will not deliver the additional homes required.
- But there is a simple solution if the industry embraces Smart Construction and brings new players into the housing market.

This will modernise the industry in a way which will:

- Increase attraction to new entrants & offset attrition & shrinkage
- Improve productivity so we can increase output with constrained labour

- For an industry as cautious and resistant to change as ours there are challenges
- How do we ensure non traditional forms of construction are durable?
- Will not require excessive maintenance?
- Will perform as designed?
- Can be adapted for future use and family growth?



- Government commitment to change demand profile from traditional to Smart construction
- Clients and their advisors and funders must take the lead in changing construction and procurement models
- Government must create the right environment for change
- Create a sustainable pipeline to encourage manufacturers and funders to invest
- And how do we convince investors and funders that Smart Construction techniques are worth the risk when there are industry concerns about systematic failure, fire spread and water ingress resulting from offsite techniques both during and after construction?
- One solution that already exists is the Buildoffsite Property Assurance Scheme (BOPAS) launched in March 2013

# Buildoffsite Property Assurance Scheme

**BOPAS**

Buildoffsite Property  
Assurance Scheme

With the government aims of constructing 250,000 homes per annum against a backdrop of increasing construction costs, poor quality conventionally constructed homes with performance failing to meet design intent and a huge construction skills shortage, the demand for innovative or non-traditional methods of construction to come to the fore has never been greater.

This does bring challenges in terms of demonstrating to funders, lenders, valuers and purchasers that homes built from non-traditional means will be durable and deliver the quality required.

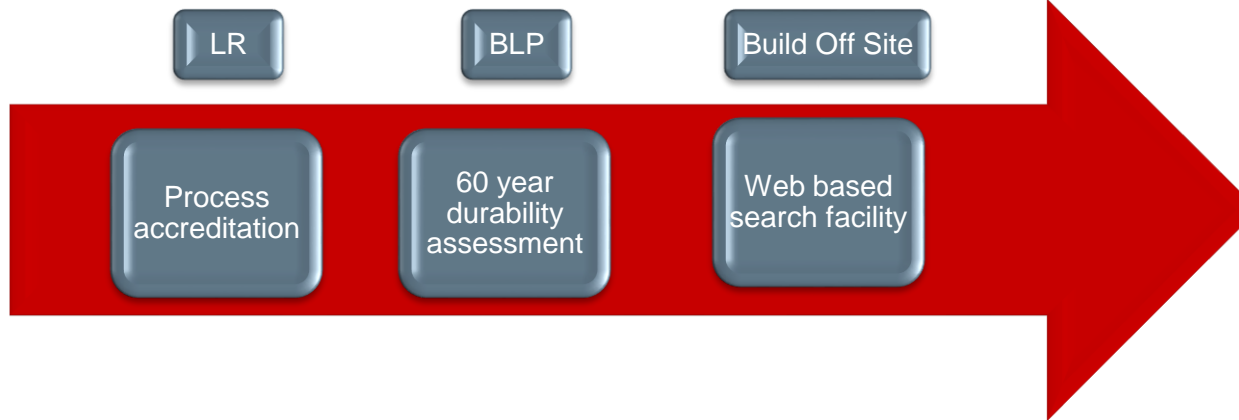
BOPAS has been developed to address the perceived risks associated with innovative construction and is recognised by the principal mortgage lenders as providing the necessary assurance underpinned by a warranty provision.

[www.bopas.org](http://www.bopas.org)



A risk based competency assessment scheme for service providers involved in the provision of Offsite activities





## Three elements of BOPAS

### 1. The Lloyd's Register process accreditation:

- Competency management
- Procurement management
- Configuration management
- Process control

### 2. The BLP durability and maintenance assessment:

- Minimum 60 year durability
- No disproportionate maintenance
- Lifecycle costing
- Site specific workmanship checks

### 3. The database: [www.BOPAS.org](http://www.BOPAS.org)

- Details of assessed building systems, registered sites and individual properties which have been accredited under the scheme.
- Retention of information relating to the first sale as well as all subsequent sales.

**The importance of the scheme was highlighted in the recent London Assembly Report **Designed, Sealed, Delivered** in which the Council of Mortgage Lenders noted that quality standards such as BOPAS are “crucial in instilling confidence in the sector”**

**The reassurance offered by BOPAS enables Smart systems and other innovative construction methods to provide a sustainable, cost-effective solution to the increasing housing shortage**



# BOPAS APPROVED MANUFACTURERS

Manufacturer	Technology	Manufacturer	Technology
<b>Stewart Milne</b>	Closed Panel Timber Frame	<b>Jade Global Group</b>	LGSF
<b>Fusion</b>	LGSF	<b>Parabuild Solutions Ltd</b>	LGSF
<b>Lime Technology</b>	Timber frame /Hemp Insulation	<b>SIG Building Systems</b>	Closed Panel Timber Frame
<b>BK Structures Ltd</b>	Cross Laminated Timber	<b>24.7 Living UK</b>	Closed Panel Timber Frame
<b>Cidark</b>	LGSF	<b>Vision Modular</b>	LGSF Modular
<b>Elements Europe</b>	LGSF Modular	<b>SIP BUILD UK Ltd</b>	SIP
<b>Enevate</b>	LGSF Modular	<b>Vinco SIPS</b>	SIP
<b>VRC</b>	Hybrid Modular	<b>Barclay St James</b>	BSJ

Manufacturer	Technology	Manufacturer	Technology
Adston UK Ltd	SIP	Glosford SIPs	SIP
Brooke Homes	SIP	Multibuild	LGSF Modular
Cubicco	LGSF Modular	Modular Residential	LGSF
Greencore Hempsec	Timber frame /Hemp Insulation	Hadham Construction	LGSF
Vinco SIPs	SIP	Elliott	SIP
VRC Homes	Hybrid Modular	Dan - Wood	Timber Frame
Acermetric	Hybrid SIP	H+H	Concrete Panel
CITU	Timber frame	Actavo	LGSF Modular
Legal & General Homes	CLT	Swan Housing Group	CLT











*“The Royal Institute of Chartered Surveyors has actively supported and facilitated the development of BOPAS and fully supports the web based database that enables members to access constructed systems data and therefore to value offsite constructed properties from a more informed perspective.”*





*Lenders take into account the views of other professionals as part of their decision as to whether to lend on properties which are built with modern, innovative methods. BOPAS, which was developed with lender input, can assist lenders by providing assurance to lenders and other professionals, about non-traditionally constructed properties which lenders may be asked to lend on.*



*“The BOPAS scheme will be an integral part of any credible organisations offer, when producing any Offsite/MMC products. It is key in providing the surety and insurance backed guarantee a long term property investor requires, when investing in a property that utilises modern technologies and products.”*

Bill Hughes - Head of Real Assets, Legal and General investment Management

- There are significant moves in the industry to embrace smart construction
- Legal and General building factory providing precision engineered factory manufactured houses
- Berkeley Homes committing to 20% offsite construction
- Government embracing and funding offsite to address the housing shortage?
- BOPAS – A risk based competency assessment scheme for service providers involved in the provision of Offsite activities

The logo for BLP Insurance, featuring the letters 'BLP' in a large, white, sans-serif font above the word 'INSURANCE' in a smaller, white, sans-serif font, all contained within a red square with rounded corners.

**BLP**  
INSURANCE

# Thank you

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