

Joint Oireachtas Committee on Housing

Meeting on MMC (Modern Methods of Construction)

Opening Remarks from Tom Parlon, Director General of the Construction Industry Federation (CIF)

Chairman, Deputies and Senators, on behalf of the Construction Industry Federation (CIF), I would like to thank you for the opportunity to meet with the Committee and to address this important issue which could have a major influence on the way that we deliver housing in the future.

Modern Methods of Construction (MMC) are defined in the UK Ministry of Housing, Communities and Local Government MMC cross industry working group with seven different levels. These range from simple on-site innovative processes employing new techniques, equipment or materials, right up to 2D (panelised systems such as timber frame housing) and 3D volumetric units which are complete or near complete 3D units. Both 2D and 3D units typically employ either timber or steel fabrication.

In 2016 the Construction Industry Federation set up a policy committee to support the digitalisation and modernisation of our approach to delivering construction projects. This committee contributed to the establishment of the Construction Sector Group's sup-group on innovation and digital adoption. That subgroup has seven key actions to answer the productivity challenges and steer construction towards a more sustainable delivery model. These seven actions are already delivering national centres to drive digital adoption, research and innovation and the development of MMC.

We are all aware of the need for the continued development of a modern facing industry that delivers best value for clients and answers the major societal challenges we are facing. We know that there is a race to secure the next generation of skilled labour for all industries and with the ongoing rollout of the NDP, Ireland's construction sector is meeting those challenges head on.

Our members have been adopting off-site supply chains for the past three decades in certain specialist sub-sectors. Elements of the housing industry has used timber frame, a form of 2D MMC, to deliver its homes for the past 30 years culminating in 50% of scheme homes being delivered using this technology in 2022. Apartment developments have been extensively using pre-cast or hybrid concrete frame systems for the past 20 years to efficiently deliver medium to high rise developments. Using offsite manufacturing supply chains can offer certainty of delivery in terms of time and cost and bring major advantages in the onsite programme duration.

But we have an industry that relies on certainty. It relies on a sightline for demand of a particular type of service or at least a pipeline that allows a degree of preparation and investment based on the skills and product that will definitely be procured. Our industry can have a long lead in time to delivery, but when the green light is given, all the demand and risk

passes on to the supply chain partners. You are expected to respond with resources as if you have been storing them up waiting for an instruction to proceed.

The report on the cost of residential construction commissioned by the Department of Housing (<https://www.gov.ie/en/publication/2bf87-residential-construction-cost-study-report/>) focusses on typologies and the variation in standard specifications across the 4 European exemplar sites.

The industry itself can focus on the optimisation of its supply chain by streamlining demand and ensuring that investment supports a focus on standardisation of approach to delivering a high performance product; a product that can meet the highest standard required by our Building Regulations and offer a high quality solution for building users.

Moving toward the use of off-site fabrication allows for better quality controls, better use of labour so skilled people can perform higher value works and provide traceability for assurance of standards and cost-effective asset management. The offsite manufacturing companies need to have better visibility on client demands and want to see direct frameworks being established so they can commit their investment. The recent news of market failures for both Entekra and Legal and General should be a wake up call for the market and housing clients in particular.

Ireland's construction sector remains a very fragmented network of sub-supply chains with almost 50,000 registered enterprises, over 90% of which have less than 10 employees. That network of enterprises has to respond to where demand lies. There is very little room for investment in future development, research and innovation and carrying out pilot projects to try and move into new emerging sectors.

Unless there is a clear signal from construction clients that there will be a sustained demand for particular services, companies don't have the luxury of being able to reposition their business to build that capacity and take advantage of it.

During the past three years the Construction Industry Federation has published three separate reports on Modern Methods of Construction, which are included in our appendix to this statement.

There are a number of key issues facing the sector in Ireland that will determine whether or not we build greater capability in the sub-supply chain to deliver through the use of off-site manufacturing. They include:

- The need for platform-based designs to allow the supply chain to calibrate their offering in a standardised approach and generate efficiencies from scale.
- Enterprise grants and low-cost finance to stimulate capital investment and support growth in capacity.
- Repositioning our skills delivery to allow the provision of task-based training for industrial needs that recognises where production demand is.
- A standardised procurement pack, with frameworks, pre-construction services agreements and alignment to allow collaboration with contract parties.
- Alignment of the required standards to support MMC, removing barriers to entry but demanding a golden thread of technical compliance data.

- A financial delivery model to support the business process cycle with front loading for procurement, vesting linked funding models, insurance and alignment of certification sign-off.
- Appropriate design development and information management, with a Design for Manufacture and Assembly enabled process.

The Smart Offsite association within the Construction Industry Federation is made up of some of the biggest providers of off-site fabrication in the State. There is an opportunity for the industry to double their production scale which would significantly contribute to meeting the targets set out in Housing For All. Add to that the additional opportunity for education and health in offsite manufacturing supply chains and you can see how there could be demand constraints ahead.

Alignment of the needs of the State under the NDP as well as major private sector clients can help to establish what requirements there are for MMC services. In response the MMC sub-supply chain will no doubt respond to the need for greater capacity.

We can truly aspire to a more digitally enabled, sustainable, modern industry that is capable of delivering our infrastructure, homes, schools and hospitals. We can also have an industry that is world class and that exports those services and products all over the world when demand contracts domestically.

We are already doing this in many mission critical facilities for global clients. Now is the opportunity to scale that offering for the rest of the NDP and housing.

ENDS

Appendix:

CIF MMC report 1

<https://cif.ie/download/cif-december-2020-modern-methods-of-construction-a-quantitative-analysis-of-the-irish-engineering-construction-sector-market-for-csg-subgroup-on-innovation-and-digital-adoption/?wpdmdl=55934&refresh=64492d64342951682517348>

CIF MMC report 2

<https://cif.ie/wp-content/uploads/2022/01/1271-CIF-Modern-Methods-of-Construction-Report-v4.pdf>

CIF MMC report 3 in conjunction with Construction Professional Skillnet

<https://www.skillnetireland.ie/wp-content/uploads/2022/05/Modern-Methods-of-Construction-Defining-MMC-Business.pdf>