

2023 Industry Insight

Contents

WARRANTY

Sharing knowledge and expertise
Keith Evans - Managing Director 5

BUILDING CONTROL

Building Control – The Highs and Lows
Matt Shum - Senior Manager 14

LOOKING FORWARD

Managing change and learning to welcome learning
Natalia Thomas-Alvarez - Head of Building Control 16

Futureproofing against regulatory uncertainty
James McGloin - Major Projects Regional Director 17

MMC – A silver bullet?
Andrew Fox - Head of Innovations 18

Introduction

DEAN STRITCH
NATIONAL SALES DIRECTOR

Amid huge change in our industry, the role of Premier Guarantee has never been more important.

In the space of a calendar year, we have held two InSite conferences hearing from industry experts and listening to the lifeblood of those who build new homes up and down the UK.

InSite's ethos reflects that of Premier Guarantee; learning, teaching and striving for better.

What has been clear during these events, and indeed in the time between, is that there is an appetite for achieving better from all who work in the construction of homes.

As one of the leading providers of new homes warranty and building control, Premier Guarantee is at the forefront of taking the standards of construction to greater heights.

How do we do this? By working alongside developers and home builders. Collaboration, coordination, being a part of the team. There are many words for what we pride ourselves on but ultimately, we are proud of the work we do to help our customers continuously raise the bar and achieve their goals.

Alongside the day-to-day work we all do, this year has been about listening, learning and getting prepared. That is why we have been providing our surveyors with an array of learning support. We have pulled together their knowledge, experience and qualifications to create a surveyor portfolio which will demonstrate each surveyor's ability and competency as we go forward into a new era.

Last year in this report, we wrote that challenges are also opportunities. This remains the case. Opportunities to evolve and to constantly improve.

For us, this comes in the form of a wealth of specialists, innovative solutions, regulatory expertise and, above all, passionate people. From surveyors to customer service, from technical managers to account managers, our people take pride in your project. They are an extension of your team.

With reflections and advice from experts in our team, as well as data on trends in issues our surveyors have found on site, this annual report seeks to inform and guide.

It is important to note that all potential defects detailed in this report were ultimately resolved – a fitting symbol of how, step-by-step, our staff and our customers are continuously collaborating to build safer, better homes for the future.

Sharing knowledge and expertise

KEITH EVANS
MANAGING DIRECTOR

After decades in the construction industry, I have to admit the challenges we face today are second to no others I have witnessed in my career.

Many of these challenges are due to global instability, the impact of which has been felt around the world with a lack of materials, and those that are available increasing in price due to demand. This has resulted in diminishing supply, thus impacting the profitability of construction projects.

Other consequences are higher energy costs; higher cost of living including interest rates and labour shortages.

Once we add the social economic UK pressures of changes to the National Planning Policy Framework (NPPF), nutrient neutrality, water neutrality, the end of Help to Buy and stamp duty relief, and a lack of national grid capacity, it's no wonder many thousands of homes are not being built. Some are being simply blocked from being built and those that are built are seeing reduced Loan-to-Value (LTV) on many mortgages, making it harder for potential purchasers to secure.

If we also throw in the additional cost the Building Levy adds, then constructing houses is not as attractive as it once was. This is evident in the significantly reduced numbers of developments we have seen this year.

An immediate fix remains unclear. It always used to be the case that construction brought us out of recession and into growth. We are not in recession but we are not in growth either and nowhere near the suggested level of 300,000 homes a year to match demand.

However, we have not stopped completely. Work does progress, so we at Premier Guarantee are here for you and will collaborate with you on your schemes, helping to reduce overheads, ensure quality is built in and celebrate the project success at full completion.

Warranty inspections: Observed trends, 2018-2023

One of the main ways we support our customers is through shared knowledge.

In many cases our risk inspection programmes for warranty are tailored to match the specific design and risk requirements of each project. We collaborate with site teams to help problem-solve challenging construction details and bring additional focus to areas that present a higher risk of serious defects.

We take a proactive approach to identifying structural risks that may arise during construction and that could lead to serious defects if not resolved. Our surveyors report these as potential defects associated with common build parts such as external walls, windows and doors, drainage and so on.

The observations or potential defects on the following pages, must be reported as resolved before the inspection process can progress and a certificate of insurance issued on completion.

Notes on trends relating to observed potential defects

The charts you will see in this report summarise potential defect observations made by our surveyors from mid 2018 to mid 2023.

Each of these observations were resolved to the satisfaction of our surveyor and in compliance with our Technical Manual.

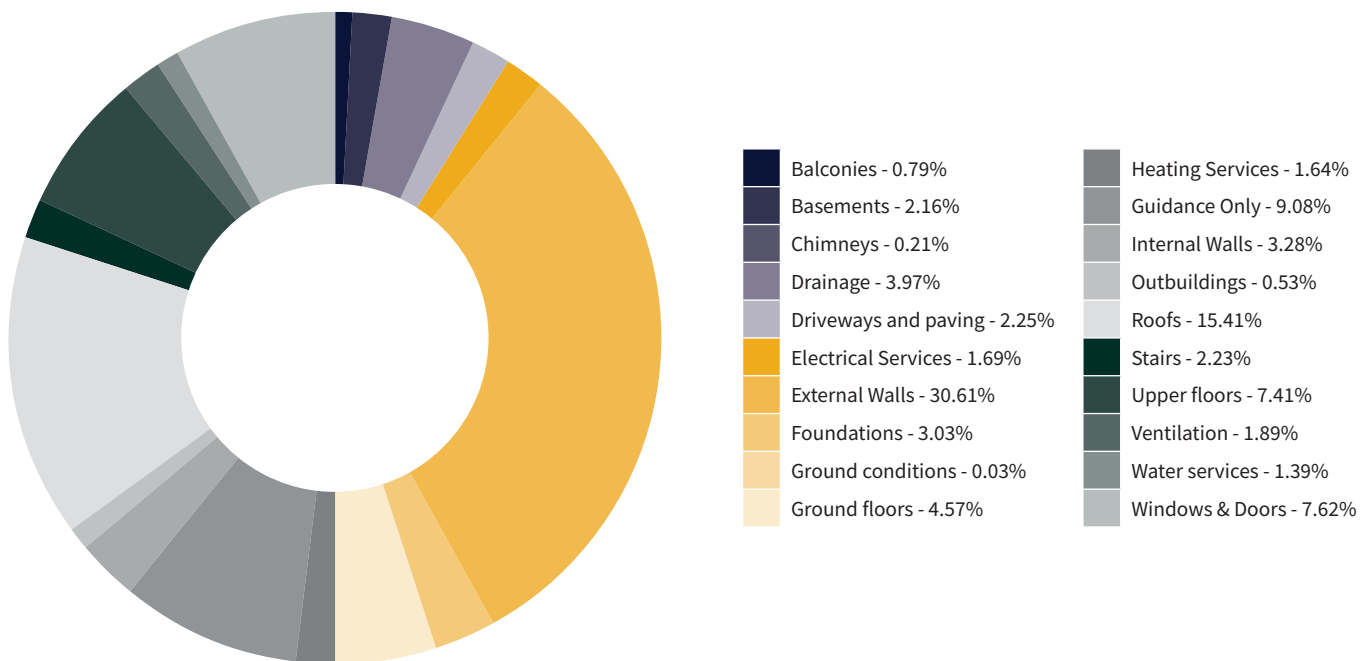
The data is split between low-rise and high-rise, which we class as six storeys or more. High-rise structures present a unique set of challenges and risks. High-rise developers and contractors are supported by our Major Projects team that boasts significant expertise and experience in successfully delivering complex structures.

Low-rise observations (five storeys or fewer)

Warranty observations on low-rise structures

Five storeys or fewer

July 1 2022 - June 30 2023



A note on 'Guidance only': This is where our surveyors have made observations that could lead to potential defects and have guided builders or developers to the relevant section of our Technical Manual to avoid this from happening. An example of Premier Guarantee's ethos of, where appropriate, guiding rather than dictating.

Top 6 observations on low-rise structures



31%

External walls



15%

Roofs



9%

Guidance only



8%

Windows & doors



7%

Upper floors



5%

Ground floors

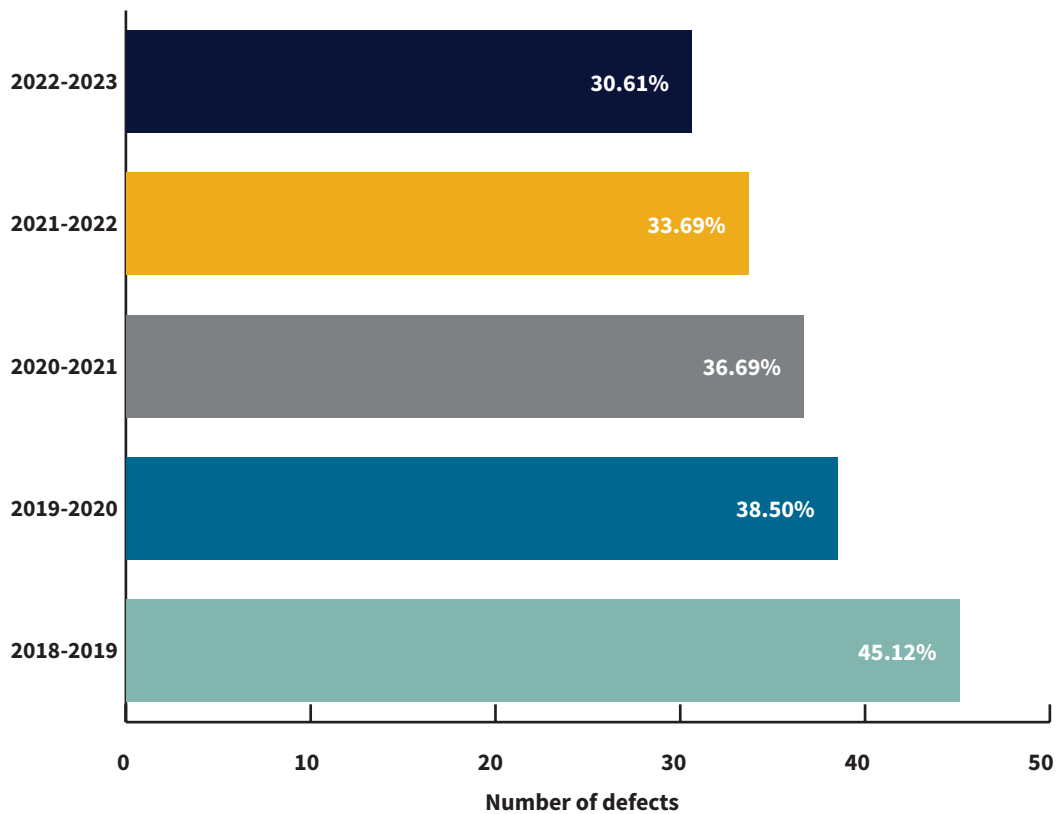
External walls are a key stage for us and we put a lot of focus on them.

In the latest year of data available, there is no surprise that the external envelope of buildings (external walls and roofs) are the areas where most potential defects are reported by our surveyors.

External walls are an area that has far fewer operatives nowadays and very little in the way of technical colleges training our future bricklayers.

This of course leads to a lot of on-the-job training and subsequently an increase in defective work being produced.

Warranty observations relating to external walls as a % of all observations Five storeys or fewer



From 2018 to 2023 the number of potential defects reported for external walls in low-rise structures has reduced, reflecting well on our proactive approach and the willingness of our customers to work as a team to deliver high quality homes.

So, where do we see issues in external walls and why?

When it comes to traditional masonry, the following issues are prevalent:

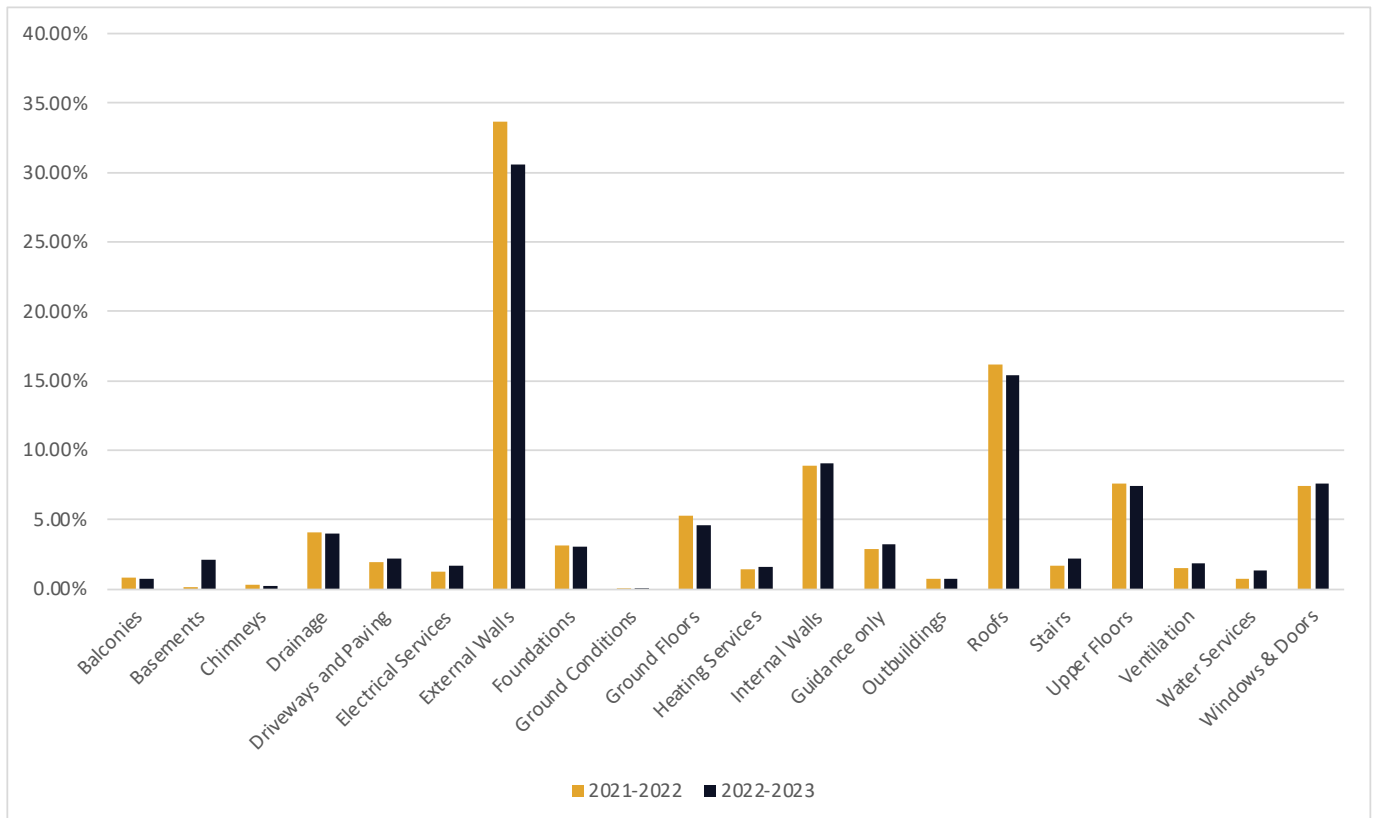
- Cavity trays missing, full of mortar or being incorrectly installed
- Fitment of insulation/cavity barriers and closers missing or being poorly fitted with gaps
- We generally see a lot of comments noting walls out of plumb
- Excessive mortar build up
- Weep holes – incorrect specification, missing or being retrospectively fitted but cut in half and for “display only”

With timber frame, the following issues are common:

- Sole plates – height, packing (missing and type/material used) and overhangs
- Missing or incorrectly located studs for structural elements
- A lack of allowance for movement and shrinkage of the frame

Warranty observations year-on-year: 2021-2022 v 2022-2023

Five storeys or fewer



Most observations have reduced or remained steady between 2022 – 2023.

Basements saw a slight increase of 2%. Looking deeper into the data, key factors included:

Workmanship

- Relating to the installation of membranes to the substrate and the adhesion, mechanical fixing or jointing of overlaps.
- Damage that has occurred to the tanking membranes or the installation post installation by other construction processes.
- Tying and concrete cover to reinforcement within the basement.

Design

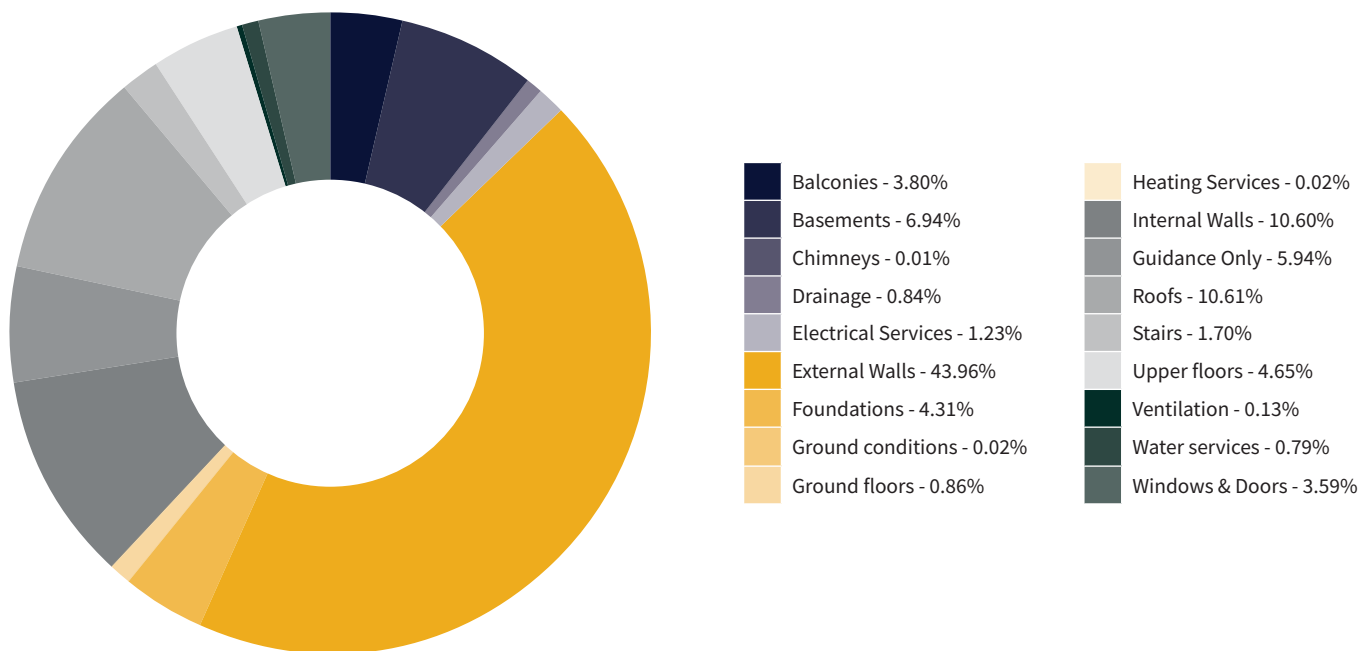
- Sealing around service penetrations through any tanking
- Positioning of the land drain where it had either been specified in the wrong position or built in the wrong position
- Delayed provision of design information prior to construction

High-rise observations (six storeys or more)

Warranty observations on high-rise structures

Six storeys or more

July 1 2022 - June 30 2023



Top 6 observations on high-rise structures



44%

External walls



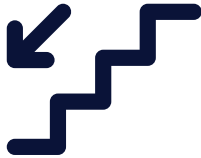
11%

Roofs



11%

Internal walls



7%

Basements



6%

Guidance only



5%

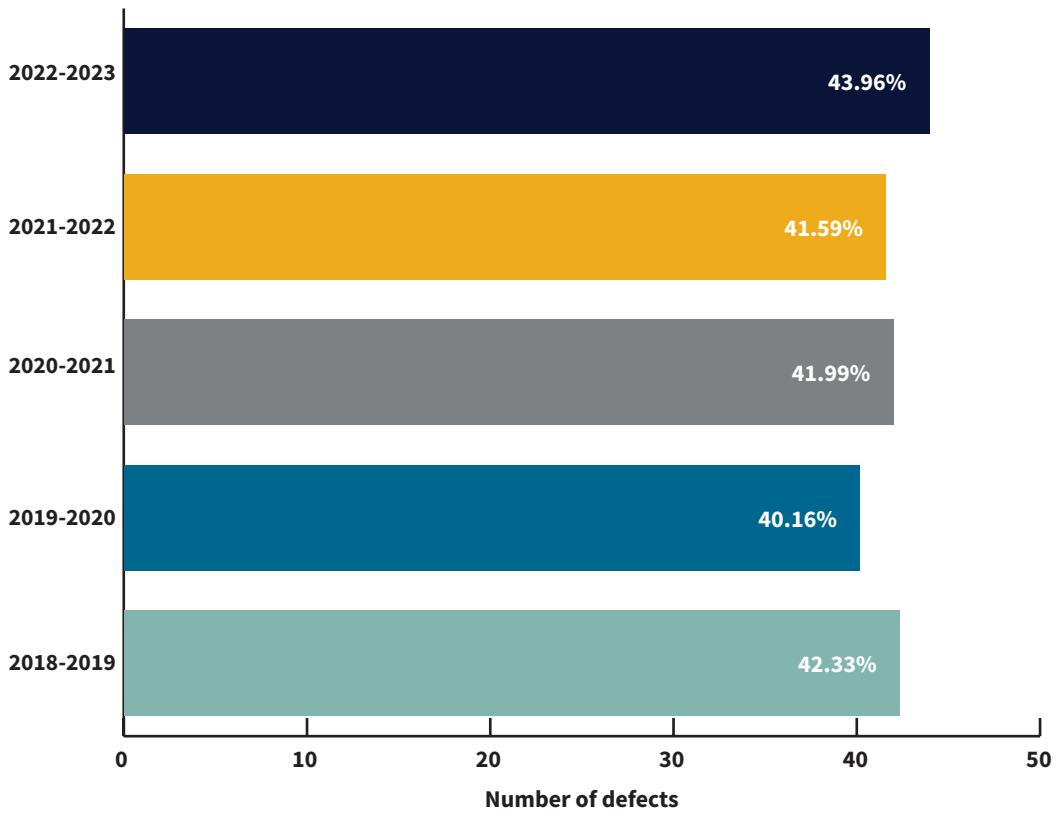
Upper floors

Again, the external envelope of high-rise, more complex structures dominates the potential defects reported by our Major Projects warranty surveyors. Unlike low-rise buildings, potential defects concerning internal walls match those for roofs.

So, where do we see issues in external walls and why?

- Inappropriate specification of windows with regards to wind loading
- Congestion at the slab edge with conflict relating to the fire barrier, masonry brick support and cavity trays in Brick and SFS build ups
- Design and consideration of feature brickwork such as rusticated brickwork, feature soldier courses or brick slips in response to meet the requirements of Regulations 7
- Unplanned material substitutions during construction due to trying to reduce costs in response to inflation
- Proposal of products of systems being used that don't have full 3rd party accreditation
- Bi-metallic corrosion and issues with specification of metals
- Lack of continuity of waterproofing through and over the parapet and at thresholds
- Positioning of MVHR intake and exhaust vents causing issues with cross contamination of air, and dispersion of warm, moisture laden exhaust air which condenses on the underside of balcony soffits

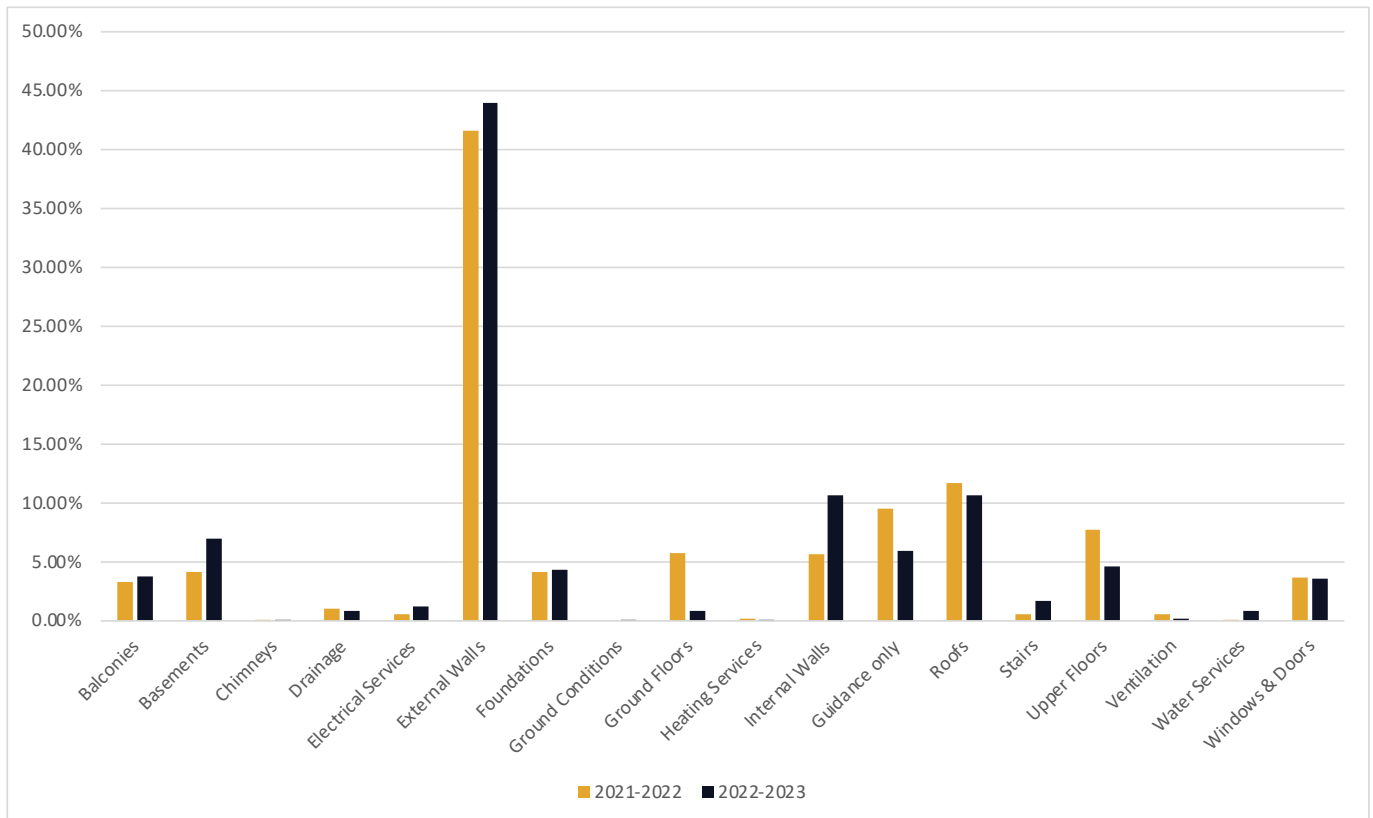
Warranty observations relating to external walls as a % of all observations Six storeys or more



On projects that are six storeys or more, external walls is the area where we find most potential defects, however observations are steady year on year.

Warranty observations year-on-year: 2021-2022 v 2022 v 2023

Six storeys or more



Although the data shows some slight increases, the majority of observations has remained steady.

Increases in observations in basements and internal walls have been heightened due to the skill shortage in the industry. The increases have been minimal due to the proactive, consistent onsite support of our major projects team who advise at all stages when working with our customers over the long term to support their business operation so they can build efficiently and to a good standard.

Building Control – the Highs and Lows

MATT SHUM
SENIOR MANAGER

The direction of travel, ultimate destination and expected time of arrival for the future of building control has been generally known for the last few years but how have we navigated the route and in what state have we arrived?

We are now at our starting point and are manoeuvring into the transition period for the new regime. It's worthwhile taking the opportunity to appreciate all the work that has gone into getting us here.

However, we still have a lot of work to do and the transition is not over. What's clear is that the building control market will be operating on two levels (quite literally). That separation occurs at seven storeys and/or 18 metres in basic terms, with those over being higher-risk buildings (HRBs) and those under non-HRBs.

The non-HRB market remains much the same in terms of who can deliver a building regulation function but there is a good deal of change in the HRB market. One thing that has always been constant with the new approach and reiterated on page 8 of the HSE's recently published 'Overview of the new building control regime' is:

“The technical functional requirements of building regulations are not changing. What is changing is the application process and the level of information required before undertaking building work, when making any changes to an approved application, and on completion of building work”.

The HRB changes will present challenges and opportunities. It will no doubt be a learning curve for us all but the end goal is certainly worth it. The fundamentals of building control remain with the primary purpose; being the health, safety, welfare and convenience of people in or around buildings.

Premier Guarantee Building Control remains committed to these principles and data of reported potential defects across

the last year, shown opposite, below reinforces the importance of building control to the industry.

The biggest area of potential defects we have seen in the last year is fire safety; at a staggering 35% of all recorded, closely followed by structure at 22%. These two parts of the building regulations (out of all 18 parts) account for over 55% of all potential defects we see, and this confirms why the Building Safety Regulator has identified fire safety and structure as priority areas.

These potential defects have no height differentials. They relate to our work in HRBs and non-HRBS. But all those potential defects have been identified and reported in order to help clients build better and safer buildings and therefore protect each and every one of us.











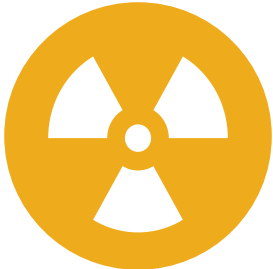



The people who spotted those potential defects are building control professionals who have had the spotlight on them over the last few years and will have to keep pace with the new and evolving building control landscape.

As an Approved Inspector with a track record of delivery on all types of construction projects, we are very well placed to move forward in the sector and will support the industry to improve compliance.

We are excited by the challenges and opportunities that lay ahead by sharing our knowledge and expertise. We are well placed to use our competence, capability and capacity in the sector to continue to be valued by the Building Safety Regulator and all of our construction partners.

It's been a time of transition for us all but the better and safer buildings delivered is a benefit that cannot be dismissed, we look forward to playing our part and helping you in the road ahead.

Reported building control contraventions
 September 2022 - September 2023

 <p>35% Fire safety</p>	 <p>6% Conservation fuel & power</p>	 <p>6% Materials & workmanship</p>
	 <p>4% Drainage & waste disposal</p>	 <p>4% Ventilation</p>
 <p>22% Structure</p>	 <p>4% Access & use</p>	 <p>3% Falling, collision & impact</p>
	 <p>2% Water & sanitation</p>	 <p>2% Electrical</p>
 <p>8% Site, contaminants & resistance to moisture</p>	 <p>2% Combust</p>	 <p>1.5% Sound</p>  <p>0.5% Security</p>

Managing change and learning to welcome learning

NATALIA THOMAS-ALVAREZ
HEAD OF BUILDING CONTROL

As an industry, we are in the midst of a huge reform with the introduction of the Building Safety Act and associated legislation coming into force; we are barraged with change. Change in processes and regulation is coming in thick and fast. Staying on top of everything is challenging.

But when we think about why this is needed and look at how the industry currently operates, it's clear that reform is required.

Personally, I'm excited about working at a time when the industry is being overhauled; the reason? When we think about change we are talking about the prospect of hope, improvement and doing things better. Isn't that all positive?

When you consider the new requirements for competency, for example, we have begun to see a shift of focus. The importance of learning and real understanding is now coming to the forefront of our minds. How can I prove I know what I am claiming to know?

There is a bigger focus on the need to learn, understand and knowledge sharing is becoming integral to this. What does this all lead too? A great change in our culture. I can't see anything but positivity in that.

I wouldn't be so naïve as to think it's all beautiful and rosy. With change comes challenges. For me, however, it's about how we open our minds to accepting the need to change, thinking flexibly, and encouraging innovation; in essence, taking forward steps to improvement.

As companies and actors in the industry, we all need to be individually accountable for the roles we carry out and decisions we make. The best way to do this, is to continually learn, work within our own remits and understand our limitations - taking responsibility for the roles we play.

In recent chats with our teams at Premier Guarantee, I asked them to consider how they go about their roles within the team: are you positive? Could you influence your team more positively? Are you negative and obstructive? Sometimes we need to reflect and question our mind-sets. This will become vital as change in processes and regulation is imposed on us.

Given the amount of change coming our way, we need to prepare looking forwards as much as we can. Events such as our recent InSite conference are great ways to do this. You could say it's a great step to ensure you are up-to-date with proposed changes and researching what you need to do to fulfil your role.

Premier Guarantee are always on hand to support the industry with this; doing our bit to improve construction culture whilst also instilling a strong ethos in our own team of embracing change and continual improvement.

In summary, I think the changes on the horizon will bring about a storm - that is undeniable - but I'm positive that this storm will pass and we will come out the other side. In the meantime why hide in a storm when we can dance in the rain?

As Socrates said "The secret to change is to focus all of your energy on not fighting the old but building the new."

It is crucial that anyone involved in the construction industry understands the application of the new building control regime. That is why we have put together this really helpful video explaining all you need to know about the changes.

If you have a spare half an hour, it would really be worth your time: <https://info.premierguarantee.com/building-control-regime-changes>

Achieving certainty during an uncertain time

JAMES MCGLOIN
MAJOR PROJECTS REGIONAL DIRECTOR

It's hard to believe that it just over a year since our 2022 report; so much has happened. Inflation has risen, interest rates have risen, house prices continue to trend downwards, and the second staircase announcement has started to show its impact. It reminds me of a game of snakes and ladders.

Futureproofing against regulatory uncertainty remains business critical. We are witnessing a significant number of sites reverting to the planning stage to add the second staircase. Ironically, this is often done to add more floors and increase the number of units to keep the schemes economically viable.

What has also been interesting to observe is the number of schemes that were granted planning permission based on old regulations and therefore do not require a second staircase. However, developers have chosen to add one anyway to avoid losing development partners who were unwilling to proceed without the second staircase.

Buildings and their forms are changing and a new age and style of architecture is emerging. Brick is the new order of the day, rusticated detailing central to architectural detailing. Buildings are on average now less tall than they used to be. They have more staircases than before. Isn't this what Dame Judith Hackett aimed for when calling for the industry to begin regulating itself?

As one of my clients aptly stated: "It's just a moment in time that we need to navigate through," and it certainly won't become any easier. Accountability is now greater than ever.

Design certainty is set to play a more significant role than ever before. As a developer or contractor, you must ensure that once you've passed Gateway 2, your design complies with both building regulation standards and warranty standards.

The only way to ensure this is by engaging with us as early as possible.

MMC – A Silver Bullet?

ANDREW FOX
HEAD OF INNOVATIONS

Modern Methods of Construction (MMC) is widely considered to be the future of the construction industry.

The skills gap is well documented and this is heavily juxtaposed to the ever growing demand for housing. The concept of being able to mass produce housing in a controlled environment is very appealing. It promises increases in production and quality whilst reducing health and safety and environmental issues. But, is it really the silver bullet?

The Government has specified seven categories of MMC. Here, I will be looking at Cat 1 and Cat 2.

Cat 1 is known as Volumetrics (3D boxes) in all forms of completion from empty shells to fully-kitted out.

Cat 2 are panelised systems and can be timber or steel. These can vary from open panels to fully insulated and boarded panels with exterior cladding and windows in place.

The industry as a whole is seeing a move away from Cat 1 towards Cat 2 construction.

When it comes to Cat 1, there are several major issues.

These are:

- Large investment for factory production
- Relatively new technology with subsequent teething issues
Inexperienced design, production and installation teams
- Expensive logistics with large “boxes” to be transported and installed
- Very little tolerance between site and factory work

As such, Cat 1 has struggled within the industry due to either financial or quality issues. Cat 2 is more forgiving to work with for the following reasons:

- Factory investment doesn't have to be quite so high
- Established technology with experienced people from design through to installation
- Much easier to transport either flat stacked or in toast racks
- Still strict tolerances between site and factory work but easier to adapt to suit

MMC must be embraced by the industry, but it must be done in a way that suits the customer, the builder and of course ourselves.

As a business, we accept Cat 1 and Cat 2 systems but with robust checks in place before any system is accepted. Our innovations team is here to oversee this process from cradle to grave and going forward the plan is to do more “live” site checks.

We need to ensure that the MMC promised is the MMC that is being installed. One thing to consider is that this technology comes at a price. Historically, volumetric and panelised systems come at a price increase over traditional build methods.

So, is this the path for the large builders only who can recoup costs by building large volumes or maybe the self-build market who may have more budget wriggle room? The truth is that the larger factories need to run at quite a rate to make it viable.

We will see panels produced in large factories being sold on to other builders in order to allow for continued production runs. So this technology is here to stay and is destined to be seen across all builder sizes.



T: 0800 107 8446 | E: info@premierguarantee.co.uk
premierguarantee.com

2 Shore Lines Building, Shore Road, Birkenhead, Wirral, CH41 1AU

Premier Guarantee is a trading name of MD Insurance Services Limited. Registered in England No: 03642459. MD Insurance Services Limited is the scheme administrator for the Premier Guarantee range of structural warranties. MD Insurance Services Limited is authorised and regulated by the Financial Conduct Authority. © Premier Guarantee 2023

