



FROM PILOT TO PIPELINE

How government intent and industry action
are **shaping the industrialisation of
construction**

An Offsite Alliance Insight Report

September 2025

www.offsitealliance.org

THIS ISN'T MODERN, IT'S CONSTRUCTION GROWING UP

When we started the Offsite Alliance, our aim was simple: to bring people together, share knowledge, and give a voice to a part of the sector that was too often overlooked.

Ten years on, the landscape has changed dramatically. What began as small pilots is now embedded in government programmes worth billions. The majority of all of our new schools, hospitals, homes and prisons contain some level of pre-assembly. Step by step, construction is industrialising.

This report charts that journey and shows what happens when better ways of building are backed with intent and investment. It is not about drawing lines between modern and traditional, it is about outcomes: productivity, sustainability, quality and people.

Our role at the Offsite Alliance is to help the sector hold the course by connecting policy makers and industry, sharing insight, and giving members the platform to shape how construction continues to industrialise.

Gaynor Tennant,
Chair of the Offsite Alliance

EXECUTIVE SUMMARY

Over the last ten years the public sector has embedded Modern Methods of Construction into schools, homes, prisons and public buildings. What was once treated as innovation is now part of everyday delivery.

Investment has grown from small pilots to billions in committed programmes across departments. In 2014, annual spend was less than £50 million. By 2025, annual spend will be in the region of £2 billion, with more than £20 billion committed across housing, education, justice, defence and health.

Today, MMC is not a side project, it is construction. The majority of our buildings now include some level of pre-assembly, from bathroom pods and panelised walls to modular units and engineered components. These approaches are helping projects to be delivered more productively, more sustainably and with greater consistency.

This is part of a wider shift. Construction is industrialising, step by step, moving toward more standardised, repeatable and digitally enabled approaches. The industry is not there yet, but the direction is clear.

Not every pipeline has flowed fully through to delivery, but the government has set the course through policy, frameworks and long-term programmes. The challenge now is to ensure that these commitments turn into outcomes on the ground, and that industry delivers with reliability and confidence.

This report is not about dividing construction into modern and traditional. It is about moving the conversation on. The opportunity is to build better together, focusing on outcomes rather than labels.

The insight that follows charts the journey so far and sets out how government and industry can hold the course, ensuring better buildings for the people and communities they serve.

HEALTHCARE



*Kings College Hospital
Premier Modular, P+HS Architects*

NHS, KING'S COLLEGE HOSPITAL

New outpatients building via CCS modular framework

LESSONS

- Offsite methods shorten programmes and reduce on-site risk
- Framework routes can speed compliant procurement.
- Integration of groundworks, services and commissioning still needs strong coordination

TAKEAWAY

Industrialised methods deliver faster and safer in healthcare when integration is planned well.

GOVERNMENT'S ROLE IN INDUSTRIALISING CONSTRUCTION

From pilots to pipelines, government spend on MMC has scaled from under £50m a year in 2014 to an estimated £2bn annually today.

Government has been the single biggest catalyst in the industrialisation of construction. By embedding MMC across schools, homes, prisons, defence and health, it has given suppliers the confidence to invest in new processes, facilities and skills.

Government strategies and guidance such as the Construction Playbook and Transforming Infrastructure Performance have set clear expectations for how the sector should modernise, standardise and adopt digital.

The move from one-off projects to long-term programmes has been especially important, giving the supply chain the visibility and confidence to grow. Frameworks such as the Department for Education's MMC1 and MMC2, the Ministry of Justice's platform-led prisons and the Defence Infrastructure Organisation's modular accommodation have created pipelines of repeatable demand.

Procurement has also played a part. While there has been some focus on productivity gains rather than simple lowest price, a true shift to long-term value has yet to take hold.

Lessons have been shared across departments, but not nearly enough. The experience of trialling and scaling MMC in one programme has at times informed work elsewhere, but the opportunity for systematic learning remains largely untapped. Greater consistency in how lessons are captured and spread would build confidence and prevent mistakes being repeated.

Contracts matter too. Traditional risk transfer models often stifle innovation, while collaborative approaches such as alliancing and early supplier engagement are unlocking the conditions for investment, skills and continuous improvement.

Through strategies, programmes, shared learning, procurement and contracts, government has shaped the conditions for a more industrialised, digitally enabled and capable construction sector.

Government is no longer just commissioning buildings; it is actively shaping the market and setting the foundations for construction to industrialise.

Reality Check

Not every pipeline has fully flowed through to industry yet. Announcements and frameworks do not always convert into immediate projects or factory orders.

The direction of travel is clear. Government intent, policy frameworks, and allocated budgets mark a fundamental shift in how construction is commissioned. The challenge now is to ensure that:

- Pipelines translate into **consistent, predictable delivery**
- Commitments are backed by **timely procurement and contracts**
- Industry is given the **confidence to invest in people, skills, and capacity**

DEFENCE



*Imjin Barracks.
Reds10, HLM*

DEFENCE INFRASTRUCTURE ORGANISATION (DIO)

Modular living across the defence estate

Rolled out modular single living accommodation within long-term programmes.

LESSONS

- Programme pipelines give manufacturers confidence to invest
- Logistics and site access planning are as critical as factory build
- Digital tools help manage interfaces across complex estates

TAKEAWAY

Clear demand plus effective planning proves quality at scale.

From Pilot to Pipeline

TIMELINE

HOW FAR HAVE WE COME

2014-2015

Public Sector pays attention

MMC viewed as niche and high-risk
Small-scale, isolated investments across departments.
Early modular school pilots

£50 million/year

2018-2021

Structured Pilots & Frameworks

DfE launches MMC1 framework (£3 billion pipeline)
MoJ begins using MMC for prison builds
DfE initiates SLA programme
NHS runs early pilots in primary care
Homes England invests £30 million in Ilke Homes

£200-£500 million/year

2023-2025

Embedded Infrastructure Delivery

DfE: £700-800 million spent under MMC1
MoJ: £2.5 billion
DfE: £1.4 billion to deliver 8,500 SLA bedspaces
£1.1 billion expected MMC spend across 2023-2025 (25% of £7.4bn Affordable Homes Programme apportioned over 5 years)
Growing use of MMC via ProCure23 and Hospital 2.0 (new hospitals and health centres)

Estimated £2 billion/year

2025-2027

Forecasted Growth

2023: £64bn MMC-qualified pipeline identified (NICP). The scale of the NISTA pipeline suggests significant potential for MMC,
Forecasted 5-7% annual growth, driven by:
Schools Rebuilding Programme (500 schools by 2030)
New Hospital Programme (£18.5bn)
MoJ prison estate expansion (20,000 cells)
Defence SLA & DEOP (16,500 bedspaces)

£3 billion/year

HOUSING



*Kitchener Barracks.
Tophat,*

HOMES ENGLAND – AFFORDABLE HOMES PROGRAMME (AHP)

Funding as a lever for MMC

Set a requirement that 25% of homes in the 2021–26 AHP use MMC, creating the largest national driver for industrialised housing.

LESSONS

- Funding conditions can create market pull
- The PMV metric was too blunt and did not reflect the realities of delivery
- The housing ecosystem is complex: land, planning, providers and finance all shape what gets built

TAKEAWAY

The AHP proved that funding conditions can create market pull. To achieve real scale, future programmes must move beyond PMV and provide wider support across land, planning, finance and delivery partners.

INDUSTRY'S ROLE IN INDUSTRIALISING CONSTRUCTION

Government has created the conditions, now industry must deliver the transformation.

While government can create the demand and set the rules, it is industry that must deliver the transformation. The responsibility for industrialisation does not sit with policy alone, it depends on how businesses respond.

To industrialise, companies must invest in capability: developing new components and systems that make installation and integration easier, adopting digital design and manufacturing, and embedding automation into production. They must also embrace standardisation, moving from bespoke project delivery to interoperable platforms and shared data environments that enable repeatability and scale.

Consistency is critical. Trust will only be built if suppliers can repeatedly deliver quality, reliability, and value. This requires a cultural shift away from short-term project thinking towards long-term partnerships, where collaboration replaces fragmentation.

Industrialisation is not just about changing methods, it is about delivering better productivity, lower carbon, improved safety, and enhanced user experience. By proving that industrialised approaches consistently achieve these outcomes, industry can strengthen the case for continued investment and adoption.

It is also about people. Businesses need to back their workforce, building the competencies to design, manufacture, and assemble at scale. It is about supply chain strength, with big players, SMEs, and manufacturers working as one system rather than in silos. It is about finance. Investors and lenders will only commit if industry shows clear pipelines, solid business models, and a track record of delivery.

The lesson is clear: build competences, integrate supply chains, and create the confidence for finance to flow. Without this, industrialisation will remain an ambition rather than a reality.

Industry Reality Check

Industrialisation will not be achieved by government policy alone. For the sector to earn trust and attract continued investment, delivery must be consistent and reliable.

Promises of speed and quality **must be met** on the ground

Factories and **digital tools** only add value if used at scale and with discipline

Short-term competition must give way **to long-term partnerships**

Outcomes, not methods, will prove the case, **productivity, carbon, safety, and user experience**

JUSTICE



*HMP Five Wells, Wellingborough
Kier, HLM, PCE Ltd*

MINISTRY OF JUSTICE (MOJ)

Platform approach to prisons

WHAT THEY DID

Developed repeatable, platform-led designs and used MMC across multiple sites.

LESSONS

- Standardisation cuts waste and variation
- Early supplier engagement reduces risk
- Strong leadership is needed to shift culture from bespoke to repeatable

TAKEAWAY

Consistency and collaboration unlock predictable delivery.

THE NEXT STEP

Construction is already on the journey to industrialisation. Every building today contains some level of pre-assembly, whether in structure, services or components. The challenge now is to move beyond pilots and treat MMC not as something different, but as the way we build.

The last decade has shown the impact of government intent and pipeline. Programmes across education, health, defence and housing have provided the visibility of demand that suppliers need to invest. Factories have opened, new systems have been developed, and digital tools are increasingly embedded. Yet progress has been uneven, and lessons have not always been shared across departments or consistently translated into delivery.

The next decade must turn intent into consistent outcomes on the ground. Government has created the conditions and industry is responding, but the sector must now prove that industrialised approaches can deliver quality, scale and measurable benefits time after time. The opportunity is to lock in this progress and build a more productive, sustainable and resilient construction sector.

Shared responsibility for better outcomes.

FOR GOVERNMENT

- Maintain pipeline visibility and keep MMC central to capital programmes,
- Embed outcome-based procurement,
- Invest consistently in skills, competences and digital adoption.

FOR INDUSTRY

- Deliver with reliability and consistency across every project,
- Build long-term partnerships,
- Prove outcomes in productivity, carbon, safety, and quality.

The Offsite Alliance exists to make sure this shift sticks. By bringing policy makers and industry together, we give members the visibility, the influence and the community to shape the future of construction. Join us in building one industry that consistently delivers better outcomes.

EDUCATION



*The Hart Building at the Gregg School
Rollalong*

DEPARTMENT FOR EDUCATION (DFE)

Launched MMC1 and MMC2 with a multi-billion pipeline and standardised school designs.

LESSONS

- Visible pipelines build supplier confidence
- Gaps between frameworks erode trust and capacity
- Frameworks must evolve toward outcome-based delivery

TAKEAWAY

Industrialisation is fragile without continuity. The new framework is a chance to reset.

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BIG...

as we **revolutionise**
how we build!

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