

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2644

Title: Delivering Quality Homes

Executive summary:

Delivering Quality Homes (DQH) is an initiative being implemented to support investment partners (IPs) receiving funding through the Affordable Homes Programme 2021-26 (approved under MD2707) to deliver better-quality homes. Given current housing delivery challenges, the intention is that requirements for IPs under the DQH initiative will be introduced on a voluntary basis initially.

This decision seeks approval for revenue expenditure of up to £65,000 to support the implementation of the initiative. This involves the procurement of consultant services to develop resources, deliver training and provide support to IPs and GLA officers. A single-source exemption from the GLA's Contracts and Funding Code will be sought, such that the procurement can take place without a competitive procurement exercise, given the consultant's previous involvement in this work.

Decision:

That the Executive Director of Housing and Land approves the following:

- revenue expenditure of up to £65,000 to procure consultant services to support the Delivering Quality Homes (DQH) initiative (including training; action plan reviews; one-to-one meetings; and ad hoc support meetings and updates to the DQH Handbook) across 2024-25 and 2025-26
- an exemption under section 10 of the Contracts and Funding Code, from the procurement thresholds in section 9 of the Code, on the grounds of previous involvement in a specific current project or continuation of existing work that cannot be separated from the new project/work.

AUTHORISING DIRECTOR

I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Tim Steer

Position: Executive Director, Housing & Land

Signature:



Date:

04/12/2023

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. Delivering Quality Homes (DQH) is an initiative being implemented to support investment partners (IPs) receiving funding through the Affordable Homes Programme (AHP) 2021-26 (approved under MD2707) to deliver better-quality homes. Given current housing delivery challenges, the intention is that requirements for IPs under the DQH initiative will be introduced on a voluntary basis initially.
- 1.2. DQH focuses on the critical role of clienting in ensuring the delivery of good-quality homes. It considers each step in the delivery process. These steps include: strategic vision-setting; adopting design standards; procuring design teams, contractors and development partners; design-team retention; monitoring quality throughout delivery; and listening to residents. Done well, these quality-management practices can have a significant and positive impact on the human, social, environmental and aesthetic outcomes of new homes.
- 1.3. DQH is designed to be flexible to suit the needs of each organisation. Partners carry out a self-assessment and then produce an action plan to improve or establish practices where they are not already being adequately implemented.
- 1.4. The initiative was piloted from October 2021 to January 2023 (more information is available [here](#)). Expenditure in 2020-21 and 2021-22 to deliver the pilot, funded from the budget created under MD2291, totalled £33,294. This met the costs of producing the DQH Handbook and action plan template; developing and providing training; and reviewing partner action plans.
- 1.5. As DQH is being introduced across AHP 2021-26 for the first time (albeit on a voluntary basis), a package of support is now required to guide GLA IPs in successfully implementing the initiative. Much of the support offer has been established through the materials and training module created during the pilot. Therefore, this expenditure request is limited to further rollout of the DQH training; partner action plan review; DQH Handbook updates; and additional ad hoc support from the external DQH adviser. Considerable interest in participation is anticipated, but we are setting a target of 25 participants for the voluntary initiative to proceed at this stage. The total estimate for the proposed support package is £65,000. This is expected to break down as follows:
 - partner training (four officer and four senior sponsor training sessions): £20,000 in 2024-25
 - action plan review and 1:1s (x 50): £25,000 in 2024-25
 - Handbook update and ad hoc support meetings: up to £20,000 across 2024-25 and 2025-26.

This breakdown is also shown by financial year:

FY	DQH
2024-25	£55,000
2025-26	£10,000
Total	£65,000

- 1.6. The combined value of the previous and requested expenditure is £98,294.

2. Objectives and expected outcomes

- 2.1. This decision seeks approval for £65,000 to fund the resources described above, to support the implementation of the DQH initiative.

- 2.2. The objective of providing funding is to ensure eligible IPs and GLA officers are adequately supported in the implementation of the initiative, by providing the resources, training and ongoing support needed to achieve the highest quality outcomes.
- 2.3. The ultimate outcome of the initiative is to improve the quality of homes occupied by Londoners, for whom the GLA invests its largest capital funding programme, the AHP. While design standards for new homes have risen over many years, it is with concerning regularity that the real, observed performance of residential buildings falls far short of those detailed in plans submitted for planning authority approval, and in the specification of building construction and interiors contracts. This is known as the ‘performance gap’. It is widely recognised that it is not enough to rely on standards as a means of assuring on-the-ground improvements in, for example, energy use in buildings. DQH aims to help ensure eligible IPs are well equipped to deliver the quality homes that Londoners deserve, by offering a roadmap for the delivery of good-quality homes and places. Thus, it is important to support this initiative.

3. Equality comments

- 3.1. Evidence collated by the GLA shows that, among households letting new, affordable housing, Black and minority ethnic Londoners are strongly represented, as are Londoners with disabilities and households containing young children.
- 3.2. DQH involves elevating the voice of Londoners in how affordable housing is provided. This is particularly relevant to addressing inequalities experienced by Londoners living in affordable housing; how their experience is recognised; and how their concerns, complaints and issues of poor housing are acknowledged, addressed and resolved. Evidence from several sources suggests that Black and minority ethnic Londoners are over-represented in the escalated tiers of the complaints process (such as to the Housing Ombudsman). Those from a minority ethnic background often report feeling that they would be treated worse by their housing provider than people of other races (as evidenced in the English Housing Survey).
- 3.3. Providing partners with the resources to fully understand and engage with the DQH initiative will improve the quality of the actions they take. This will then translate into more meaningful and beneficial outcomes for residents.

4. Other considerations

Key risks and issues

- 4.1. The key risks and issues associated with the decision are set out in the table below:

RISK/ISSUE	MITIGATION
Resources and assistance are inadequate to support partners.	<ul style="list-style-type: none"> • Resources and support offer developed with specialist advisers; and tested and refined during the pilot. Positive feedback on resources and support offer provided by pilot partners. • Pragmatism to be applied by the GLA as this initiative introduces first-time arrangements. Lessons and feedback to be gathered for future iterations.
Expenditure request is insufficient to meet costs.	<ul style="list-style-type: none"> • Expenditure benchmarked to consult rates applied during the pilot. Initial quotation obtained to test assumptions. • Potential to consider ways in which to reduce the scope of the commission.

Insufficient tender returns.	<ul style="list-style-type: none"> • Procurement undertaken during pilot demonstrated sufficient interest. • Soft market testing may be undertaken with procurement team advice.
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4.2. There are no conflicts of interest to declare regarding this decision.

Links to Mayoral strategies and priorities

4.3. The DQH initiative forms part of a wider set of design-quality measures that the GLA has taken forward, including through the London Housing Strategy; new standards required under AHP 2021-26; the London Plan; and the Mayor’s wider ability to convene and influence the sector.

4.4. The London Housing Strategy makes significant commitments to improving design quality in new homes, including those with Mayoral funding. The AHP 2021-26, launched in late 2020, introduced higher design and sustainability standards than previous programmes, to align with the London Plan (adopted March 2021). Since the launch of the AHP 2021-26, the prevalence of poor standards across a range of London’s social housing providers has been highlighted through social media and growing mainstream media coverage. The quality standards evident in new homes are relevant here – in part through the building safety crisis, which has brought investigations and costs to leaseholders of shortcomings in construction.

4.5. In late 2021, the Deputy Mayor for Housing and Residential Development, and the housing policy team, agreed to incorporate additional initiatives into work programming. These would use the Mayor’s convening power to focus attention among mayoral IPs on raising standards in social housing. In February 2022, a roundtable explored using the Mayor’s funding programmes to emphasise strong expectations that housing quality must be maintained to comply with regulatory standards, in order to maintain full and unrestricted IP status. In a September 2022 letter to all AHP 2021-26 partners, the Deputy Mayor for Housing and Residential Development confirmed a graduated scale of potential restrictions, in response to regulatory breaches.

4.6. The implementation of these design-quality interventions will contribute substantially to raising quality standards in social housing. This is particularly the case if partners are adequately supported through the package of measures described in this decision paper.

Consultations and impact assessments

4.7. The DQH initiative was piloted from October 2021 to January 2023. The pilot worked with four GLA IPs, representing a spread across the sector. The goals of the pilot were: to procure and provide necessary resources to test the proposed requirements under the initiative; to understand what their practical implementation entails for AHP partners; to collate feedback to refine the proposed tools and resources; and to assess potential evidence of impact.

4.8. The indicators agreed at the beginning of the pilot demonstrated that the initiative had generated positive impacts on working practices across the participating organisations; and that the tools and resources are fit for purpose. The pilot also produced significant learnings that have informed refinement of resources for IPs.

4.9. It is proposed that the impact of the initiative be assessed following the close of the AHP 2021-26. This would be the basis for determining whether DQH becomes a funding requirement of future programmes. However, interim assessments may be helpful in planning future requirements.

Procurement

4.10 Any procurement undertaken in respect of the above expenditure (of £65,000) will be in accordance with the GLA Contracts and Funding code.

4.11 A single-source exemption from the GLA’s Contracts and Funding Code will be sought, such that the procurement can take place without a competitive procurement exercise. The main reason for a single-source procurement is that the supplier is unique in its ability to provide compatibility with the previously commissioned work. This new commission builds directly on the work competitively procured for the pilot described at paragraph 4.7 (with a value of £33,294). The successful consultant wrote the Handbook for which updates are now being sought, and developed the training module that will be rolled out to AHP 2021–26 partners through this commission. The principal benefit of a single-source procurement will be the service quality that will be provided by the original consultant. The consultant has demonstrated their deep and specific expertise on this subject; will ensure that Handbook updates are well-integrated and complementary; and will ensure that advice to partners aligns with and supplements the DQH guidance. Included in this commission will be a requirement to train up other DQH experts. This will provide a route to a competitive procurement process should DQH become a funding requirement, and should further services be sought in the future.

5. Financial comments

- 5.1. The Executive Director’s approval is sought for revenue expenditure of up to £65,000, to procure consultant services to support the DQH initiative. These include training; action plan reviews; one-to-one meetings; and ad hoc support meetings and updates to the DQH Handbook across 2024-25 and 2025-26.
- 5.2. Planned profile of the expenditure is outlined in the table at paragraph 1.5. This expenditure is proposed to be funded from the Housing and Land indicative planned 2024-25 and 2025-26 operational budgets. However, should this budget not be available in 2024-25 and 2025-26, then Right to Buy/Recycled Capital Grant Funding interest will be used to fund this.
- 5.3. This work will be managed by the Investment and Operations Unit, part of the Housing and Land Directorate.

6. Legal comments

- 6.1. Under section 30(1) of the Greater London Authority Act 1999 (as amended) (GLA Act), the GLA has the power to incur the proposed expenditure – provided that doing so will further one or more of its principal purposes of promoting economic development and wealth creation; promoting social development; and promoting the improvement of the environment in Greater London.
- 6.2. This funding is intended to facilitate the delivery of housing and affordable housing. It is open to the GLA to take the view that funding it will promote both social and economic development, and is therefore within its power, contained in section 30(1) of the GLA Act.
- 6.3. In exercising the power contained in section 30(1) of the GLA Act, the GLA must have regard to the matters set out in sections 30(3-5) and 33 of the GLA Act, and to the Public Sector Equality Duty set out in section 149 of the Equality Act 2010. To this end, the Director should have particular regard to section 3 (above) of this report.

7. Planned delivery approach and next steps

Activity	Timeline
Procurement of contract and initial partner engagement	January – March 2024
Delivery start date	March 2024
Delivery end date	March 2026
Project closure	March 2026

Appendices and supporting papers:

None

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will be published either within one working day after it has been approved or on the defer date.

Part 1 – Deferral

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason: Consultant budget provided. To be published following successful procurement and contract signing.

Until what date: 31 March 2024

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Lorraine Ford has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Daniel Bridge has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

Corporate Investment Board

A summary of this decision was reviewed by the Corporate Investment Board on 4 December 2023.

✓

INTERIM CHIEF FINANCE OFFICER:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature:



Date:

04/12/2023