

GREATER LONDON AUTHORITY

REQUEST FOR DIRECTOR DECISION – DD2410

Title: Approval for funding to support further development of Prism app

Executive Summary:

The Mayor has committed to support the modernisation of London's construction industry by promoting the development of more precision manufactured homes (PMH), in recognition that PMH methods offer an unprecedented opportunity to develop high quality, carbon efficient homes at pace and at scale.

In March 2018 the Assistant Director of Housing approved expenditure of £50,000 to commission specialist consultancy services to develop a tool to support the wider adoption of PMH methods among the homebuilding industry in London (ADD2206). This decision form seeks approval of additional expenditure of £49,455 for six months of further engagement with the same consultants, to support maintenance and continued development of the application (app).

Decision:

That the Executive Director of Housing and Land approves:

1. expenditure of an additional £49,455 in financial year 19/20 to engage Bryden Wood Technology (using Cast Consultancy as a sub-contractor) for six months to support maintenance and continued development of the Prism design app, taking total GLA expenditure to £99,455; and
2. a related exemption from the requirement of the GLA's Contracts and Funding Code to procure such services competitively.

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: Rickardo Hyatt

Position: Interim Deputy Executive Director, Housing and Land

Signature:



Date:

15/10/19

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The Mayor's draft new London Plan sets out targets to build around 65,000 new homes a year in London over the next decade in order to address the capital's housing shortage. While traditional methods of construction will continue to play a vital role in homebuilding, it will not be possible to increase output to the necessary extent by relying on traditional methods alone. The Mayor has committed to supporting and promoting precision manufactured homes (PMH) – an umbrella term for high quality homes that are majority constructed offsite – as a means of delivering the step-change in housing delivery required.
- 1.2. In 2017 the London Assembly's Planning Committee published a report, *Designed, Sealed, Delivered*, about the contribution that PMH could make to solving London's housing crisis. The report outlined that a lack of standardisation in the market for PMH is hampering its wider adoption among industry. The report found that the lack of common approaches is leading to the duplication of effort, and the absence of interoperability between technologies is increasing the risk for early adopters and undermining the aggregation of demand.
- 1.3. Greater standardisation could reduce the high unit cost per home associated with PMH, by reducing developers' current reliance procuring from a fairly limited range of bespoke products from a small number of suppliers. By increasing the interoperability of processes, systems and components, standardisation will shore up what is currently a fairly small and unstable market, by providing clients with confidence that, in the event of a particular supplier encountering financial difficulties, others can step in, thereby de-risking development and investment decisions. In turn, this should help to aggregate demand and provide confidence to manufacturers by delivering a long-term pipeline of demand and certainty for their order books.
- 1.4. To accelerate the process of standardisation, the London Assembly Planning Committee recommended that the Mayor work towards the development of a design code for PMH in London. Based on this recommendation and delivering on commitments made in the London Housing Strategy to promote the modernisation of the construction industry, in 2018 Cast and Bryden Wood were commissioned via a single source procurement to develop a design tool to support greater use of PMH in London. This decision was approved by the Assistant Director, Housing, with GLA expenditure for this initial engagement totalling £50,000 (ADD2206).
- 1.5. The resulting Prism app was launched on 28 June 2019 and is browser based, free to use and intended to be utilised by a range of organisations and people, including those who have limited technical or design expertise. TfL, Greystar, London & Quadrant and Legal & General contracted with Cast Consultancy and Bryden Wood for services separately making an aggregate contribution of £97,500 to Cast Consultancy's and Bryden Wood's costs.
- 1.6. The Prism app is designed to help partners to undertake initial viability work for new schemes, to more quickly and easily explore opportunities to deliver homes with PMH methods, and to design for manufacture. It aims to improve the standardisation of components and designs being used in the market. This will make PMH more accessible to a greater number of partners by reducing the risks of using a particular product or supplier and building in consideration of PMH much earlier in the development process. The Mayor's view is that meeting the ambitious homebuilding targets set out in the London Plan will only be possible through the more efficient use of labour and materials, and Prism is one of the primary interventions that the GLA has made so far to enable this greater efficiency.
- 1.7. The tool is currently designed for use in London only, due to the range of housing typologies included and the data that supports the tool. Officers have undertaken desktop research and engaged with stakeholders within the construction sector to ascertain whether there are any competitor products

available. The outcome of this research indicated that there is nothing else like it currently available for free in the sector. If Prism were to disappear from the market, there are currently no alternative products which would likely deliver the same policy objectives.

- 1.8. The launch of Prism in June 2019 marked the end of the GLA's initial contract with Cast Consultancy and Brydon Wood. During this initial contract period, the contractors exceeded expectations in relation to output against the original contract specifications and invested significant additional consultant time in comparison to what was originally contracted. Since the successful launch of Prism, the app has been generating positive attention in the media and has been well received across the industry.
- 1.9. Since the launch of Prism, further work has been undertaken by GLA officers, Cast and Bryden Wood to scope out what further features and product refinements are required to ensure that Prism becomes fully adopted within the sector and delivers on the Mayor's policy objectives. GLA officers believe that an additional six months of product development is critical to Prism's success in the market, and should be undertaken in order to meet the Mayor's commitment to improve standardisation of PMH methods and to secure the benefits that PMH can offer. Approval is sought therefore, for further expenditure of £49,455 in financial year 19/20 to engage Bryden Wood Technology (using Cast Consultancy as a sub-contractor) for six months to support maintenance and continued development of the Prism design app.
- 1.9. Approval is also sought of an exemption from the requirements of the GLA's Contracts and Funding Code (Code), and this approval is being sought separately. Specifically, the Code requires, where the expected value of a contract for services is between £10,000 and £150,000 that the services required should be procured competitively. However, section 10 of the Code provides that an exemption from this requirement may be approved where the supplier has had previous involvement in a specific project or continuation of existing work that cannot be separated from the new project, as is the case with Cast Consultancy and Bryden Wood in respect of developing the Prism app.

2. Objectives and expected outcomes

- 2.1. This further work will enable enhancements to be made to the tool based on user feedback post-launch, will ensure manufacturer and scheme data remains up to date, and will cover the cost of web hosting of the app. Specifically, the proposed further works will enable the following:
 - The integration of further typologies into the app, such as dual aspect apartment layouts and mansion blocks. These additions will enable the tool to be used for a fuller range of housing developments in London;
 - The inclusion of further PMH systems, which will involve Cast and Bryden Wood undertaking a further scan of the market to consider whether additional manufacturer products could be incorporated into the tool; and,
 - The introduction of a range of new design features, which will enable greater flexibility and customisation when designing buildings while using the app.
- 2.3. In addition, the refinements ensure that the app is better aligned with requirements outlined in the draft Design SPG (currently in development), with notifications provided to users when these design standards are breached. A detailed schedule of further works is attached at Appendix 1.

3. Equality comments

- 3.1. The purpose of the work is to support the growth of PMH in London, in order to increase the construction industry's capacity to deliver the quantity and the quality of new homes needed in London, including affordable housing. As outlined in the Integrated Impact Assessment (IIA) carried out to support the draft London Housing Strategy, delivering new housing, including affordable

housing, is likely to have broadly positive benefits in relation to social and economic sustainability objectives such as improving health, reducing inequalities, increasing accessibility, and economic development.¹

- 3.2. These benefits would particularly accrue to those groups that are currently more likely to be in housing need, including low-income households, lone parent families and several BAME sub-groups. The IIA of the draft London Housing Strategy provides further detail on how the impacts of London's housing shortage are disproportionately experienced by different groups with protected characteristics, and on the benefits to these groups of addressing this shortage.
- 3.3. More broadly, research has indicated moving production from a traditional construction site to a PMH factory environment will assist with diversification of the workforce, especially women and young people. This benefit is due to PMH methods involving more digital or STEM working, as well as indoor factory-based jobs providing a safer and more stable working environment.²

4. Other considerations

(a) Key risks

- 4.1. The key risks associated with this decision are that:
 - Funding for this further engagement is not approved, which would impact the continued availability of the app to industry and members of the public. This would result in the policy objectives of the Prism app (i.e. greater uptake of PMH in London, greater standardisation of components) not being met and would result in significant reputational risks to the Mayor. This risk will be mitigated through the approval of further funding for this work.
 - The work is not delivered within the timeframe specified. The GLA have specified in the scope of works that a sustainable funding model must be developed as part of the works, to provide absolute certainty that Prism is placed on a long-term sustainable footing from 2020 onwards. GLA officers will work closely with Bryden Wood and Cast Consultancy to support the development of this funding model. In addition, GLA will progress work internally that considered options for a long-term funding strategy outside of the scope of this engagement, including through a series of targeted engagement with key stakeholders.

(b) Links to Mayoral strategies and priorities

- 4.2. Section 3.4C of the Mayor's London Housing Strategy states that "The Mayor will support and promote the modernisation of London's construction industry through more precision manufacturing of homes."

(c) Conflicts of interest

- 4.3. There are no conflicts of interest to declare in relation to this engagement.

5. Financial comments

- 5.1. This decision requests approval to spend up to £49,455 as a contribution to specialist consultancy services (from Cast Consultancy and Bryden Wood Technology) to ensure ongoing maintenance and feature enhancements to the Prism design app.
- 5.2. This proposed engagement brokers significant conditional investment. Cast and Bryden Wood have agreed to self-fund £49,455 to support additional developments to Prism, which matches the

¹ GLA. (2017), London Housing Strategy Impact Assessment, Draft for Consultation.

² Gavron, N. (2017). *Designed, Sealed, Delivered: The contribution of manufactured homes to solving London's housing crisis*, London Assembly Planning Committee; MHCLG Select Committee (2019), *Modern Methods of Construction*.

proposed GLA expenditure. This is due to Cast and Bryden Wood's view that further developments to the app will represent a worthwhile investment to their respective organisations, in terms of both shifting industry practice towards PMH methods and gaining positive organisational exposure. The full project cost for this second phase of engagement is £98,910, of which the GLA will contribute £49,455. Industry partners will fund the balance of £49,455, and any contributions made by external co-funders will be made directly to Cast and Bryden Wood.

- 5.3. This procurement activity represents a second phase of activity, following the GLA initially commissioning Cast Consultancy and Bryden Wood Technology in 2018 for the initial design and establishment of the Prism app. Total GLA expenditure for both phases of engagement amounts to aggregate funding of £99,455.
- 5.4. Funding for this engagement will be expended from the 19/20 Housing and Land Management and Consultancy budget.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the activity in respect of which approval is sought may be considered to be facilitative of and conducive to the exercise of the GLA's powers:
 - (a) discharge of its obligations under part 7A (Housing and Regeneration) of the Greater London Authority Act 1999; and
 - (b) under section 30 of the Greater London Authority Act 1999 to undertake such activity as may be considered to promote economic development and wealth creation, social development and the improvement of the environment in Greater London and have complied with the Authority's related statutory duties to:
 - (i) pay due regard to the principle that there should be equality of opportunity for all people;
 - (ii) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - (iii) consult with appropriate bodies.
- 6.2. In taking the decisions requested, the Director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Director should have particular regard to section 3 (above) of this report.
- 6.3. Section 9 of the GLA Contracts and Funding Code (the 'Code') requires the GLA to call off the services required from an accessible framework or conduct a competitive procurement exercise for the same. The Director may however, approve an exemption from this requirement under section 10 of the Code upon certain specified grounds. One of those grounds are that exemptions may be approved where the proposed contractor has had previous involvement in a specific current project or the work is continuation of existing work that cannot be separated from the new project/work. Officers have indicated at section 1.9 of this report that this ground applies, the Director may therefore, approve the exemption proposed if satisfied with the content of this report.
- 6.4. Should approval of the proposals set out as decisions be granted officers must ensure that:
 - (a) appropriate contract documentation is put in place and executed by the GLA and Bryden Wood before the commencement of the services; and

- (b) no reliance is placed upon any third-party contributions without legally binding commitments being secured from such partners.

7. Planned delivery approach and next steps

| Activity | Timeline |
|---|-----------------|
| CIB approval of DD | 14 October 2019 |
| Procurement of contract | 15 October 2019 |
| Delivery Start Date [for project proposals] | 21 October 2019 |
| Delivery End Date [for project proposals] | 20 April 2020 |
| Project Closure: [for project proposals] | 20 April 2020 |

Appendices and supporting papers:

Appendix A – Fee and resource schedule

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 either be published 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? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under 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:

Alexis Harris has drafted this report in accordance with GLA procedures and confirms the following:

✓

Assistant Director/Head of Service:

Rickardo Hyatt 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

This decision was agreed by the Corporate Investment Board on the 14 October 2019

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M. J. Allen

Date

14.10.19

