

REQUEST FOR MAYORAL DECISION – MD2494

Title: Procurement and delivery of the Mayor's RE:FIT programme 2019-2022

Executive Summary:

The Mayor has set a target for London to be zero carbon by 2050. To achieve this, we need to rapidly increase the scale and pace of retrofitting London's workplaces. Since 2009, RE:FIT, part of the Mayor's Energy for Londoners programme, has delivered energy and carbon savings in public sector buildings.

This Mayoral Decision seeks to extend RE:FIT for up to another three years, from September 2019 to September 2022. Like the previous and current phases, it will comprise a framework of suppliers and a GLA-commissioned and managed Programme Delivery Unit (PDU) to support public sector organisations to identify and implement retrofit projects.

This will ensure the retrofit of public buildings continues at scale and maximises carbon savings. It is anticipated that by 2022 this extension to RE:FIT will save 19,000 tonnes of CO₂ and 52MWh of energy annually. It is proposed that the three-year programme extension is funded using GLA and European Regional Development funding (ERDF) on a 50:50 basis.

Decision:

That the Mayor approves:

1. the reallocation of £150,000 (revenue) underspend on the current phase of RE:FIT to meet costs of re-procuring the RE:FIT framework of service providers;
2. additional London RE:FIT programme expenditure of up to £3.74m for the continuation of the programme for up to another three years, from September 2019 to September 2022 (funded using £1.87m of GLA Funding and £1.87m of ERDF) and comprising:
 - £500,000 for the extension of the GLA's current RE:FIT Programme Delivery Unit (PDU) contract by seven months to provide continuity of delivery during the procurement of the next PDU;
 - £3m for new RE:FIT PDU services (procured competitively) for a period of up to 2.5 years;
 - £240,000 on the costs of a project manager up to September 2022;
3. enter into agreements with:
 - MHCLG (via the European Programmes Management Unit acting on its behalf) for the receipt of, claims for and receipt of ERDF match funding noted at decision (2) above; and,
 - Local Partnerships (and its lawyers) to re-procure the RE:FIT framework (as per decision (1) above);
4. an exemption from the requirement of the GLA's Contracts and Funding Code to procure the services proposed for award to Local Partnerships at decision (1) above.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

27/8/19

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

Background

- 1.1 The Mayor has set a target for London to be zero carbon by 2050. The Energy for Londoners programme encompasses a range of projects and initiatives to help decarbonise the domestic and non-domestic sector whilst also alleviating fuel poverty and enabling and accelerating the deployment of a smarter energy system.
- 1.2 It is estimated¹ that through his programmes, the Mayor can directly act on about 25% of public sector emissions in London. The rest would need to come from other levers such as regulation from central government policies.
- 1.3 The GLA has assessed, and regularly reviewed over time, the public sector retrofit challenge, and identified the barriers that prevent it from happening at the rate and scale necessary. These are:
- a lack of capacity/expertise within public sector organisations to identify and implement projects, and access finance;
 - protracted and complex procurement processes; and
 - risks associated with investing money with long-term paybacks and no savings guarantee.
- 1.4 To overcome these barriers, in 2009 the previous Mayor launched the RE:FIT programme for London. This comprises:
- a framework of service providers to deliver retrofit works (framework commissioned, managed and co-owned by the GLA);
 - an expert Programme Delivery Unit (PDU) that supports public sector organisations in London in the retrofitting of their buildings, using the above framework; and
 - an energy performance contracting model, on which the above framework is based, whereby the service providers guarantee the level of energy savings, thus offering a secure financial saving over the period of the agreement.
- 1.5 The RE:FIT programme approach has now been adopted in the rest of England and Wales. The RE:FIT framework is a national framework and there are three separate delivery and technical assistance teams regionally:
- Turner & Townsend are currently the procured PDU for London, providing free technical assistance to London public sector clients (services paid for using ERDF and GLA funding);
 - Local Partnerships (LP) are the delivery unit for the rest of England, operating on a fee-recovery model for clients outside of London; and
 - GEP Environmental, procured by the Welsh Government to deliver RE:FIT in Wales on a partly-subsidised basis, with LP providing Quality Assurance services.
- 1.6 The ownership and management of the RE:FIT framework is shared geographically between the GLA (London) and LP (rest of England and Wales).

¹ Modelling used for the London Environment Strategy. 2018

- 1.7 The current phase of RE:FIT London is funded by ERDF² (50%) and the GLA (50%) – to a total of up to £4,191,816 between April 2016 and August 2019. This funding provides the services of the PDU. This phase was approved by the previous Mayor under cover of MD1505 (18 June 2015) and MD1531 (24 July 2015).
- 1.8 The current RE:FIT London programme has specific targets, two of which are contractually binding with ERDF:
- to save the public sector 68,259,266 kWh of energy per annum by the end of August 2019 (23,000,000 kWh achieved so far); and
 - to save 14,986 tonnes of CO₂ per year in the public sector by the end of August 2019 (10,000 tonnes achieved so far).
- 1.9 The current ERDF programme targets will now be met by February 2020. The GLA has met its target to get enough public sector organisations signed-up to RE:FIT to reach these targets and worked closely with the PDU to focus on converting that pipeline into achieved KPIs. For example, the programme launched additional support services to accelerate the process on the client side. But delays with some clients in realising the energy and carbon savings from these projects, especially NHS organisations experiencing long internal sign-off and procurement process and funding issues, means the achievement of KPIs by August 2019 has been delayed. It would be beneficial therefore, to secure continuity of PDU service provision to support these clients post August 2019 and convert these opportunities into the achievement of KPIs thereby meeting programme targets, albeit six months later.
- 1.10 In addition, it should be noted that if the programme is to be extended as proposed here ERDF has set September 2022 as a new deadline for targets (see below).
- 1.11 The GLA's current contract with Turner & Townsend for the provision of PDU services comes to an end on 31 August 2019 and the current RE:FIT framework of service providers runs until 20 April 2020.
- 1.12 Therefore, this Mayoral Decision seeks approval of the extension of the RE:FIT London programme for an additional three years, the re-procurement of the RE:FIT framework for another four years, the receipt of ERDF funding, associated expenditure, related activity and entry into arrangements to facilitate programme delivery to achieve further savings and support London on its zero carbon trajectory.

A continuation of RE:FIT

- 1.13 With the urgency to act on climate change and the Mayor's ambition to make London zero carbon by 2050, RE:FIT plays an important role towards decarbonising London and bolstering the Mayor's Energy for Londoners programme. There is a strong rationale for the programme to be extended.
- **Carbon saving targets will not be met if we do not retrofit existing buildings.** Public buildings account for 8-10% of London's carbon footprint and given that 80% of these buildings are still likely to be in use in 2050, retrofitting these buildings is vital to meeting London's carbon targets.
 - **There are still many public buildings in London requiring improvements.** So far, across all three previous phases of RE:FIT since 2009, RE:FIT has supported 650 public sector buildings, saving 100MWh of energy and 35,000 tonnes of CO₂ per year. However, to achieve zero carbon by 2050 this rate of retrofitting would need to increase about seven fold. With around 4,000 public sector organisations in the capital, there is clearly enormous scope to do more and we shall be developing new workstreams to grow the demand for RE:FIT.

² The European Regional Development Fund (ERDF) is one of the five European Structural and Investment Fund (ESIF)

- **The RE:FIT model is tried, tested and successful.** RE:FIT has proven to be very successful and a catalyst for delivering projects at scale and is now a well-established and trusted brand in the public sector.
- **Public sector organisations continue to need retrofit support.** The current RE:FIT pipeline of new and existing organisations with additional projects is continuing to grow. This demonstrates that a lack of in-house skills/capacity remains as much of an issue now as it was in 2009, and that without the GLA's support many projects simply would not happen or would not be as extensive and successful.

- 1.14 An independent interim review of the current phase of RE:FIT is very positive about the programme, its management and delivery³. Recommendations from that review are shown in Appendix 2.
- 1.15 Subsequently, a recommendation report⁴ was commissioned to evaluate whether RE:FIT was still the best option going forward to deliver carbon savings in the non-domestic sector. The report provides an options appraisal, including how RE:FIT could support the commercial sector as well. Many of the recommendations from that report are being taken forward for this proposed extension to RE:FIT, including continuing to offer 'additional services' through the PDU that enhance the support offered to clients and result in higher and faster take-up.
- 1.16 It is proposed therefore, that we continue to fund the provision of free RE:FIT PDU services for up to another three years (as this is the maximum amount of time we can get ERDF money for) by re-procuring a PDU for London and re-procuring a RE:FIT framework of service providers for another four years (standard duration for a framework).

Planned approach

- 1.17 As with the current phase, the programme will be funded with 50% from the ERDF and 50% from the GLA.
- 1.18 We have been successful in securing additional funding of £1,870,065 from ERDF for use to meet the costs of providing RE:FIT PDU services from September 2019 to September 2022. The total value of this three-year extension to RE:FIT is £3.74m. The ERDF funding was approved by the Mayor under cover of MD2477 on 11 June 2019 (which recorded the approval of the award of ERDF funding to applicants responding to the seventh call for proposals).
- 1.19 £1,870,065 of match-funding has been set aside from the Development, Enterprise and Environment budget for RE:FIT over three years.
- 1.20 Having secured that funding, we propose to continue to provide the PDU services free of charge to the public sector as introducing a fee-paying model would add another barrier to the public sector undertaking retrofit of their buildings.
- 1.21 In addition, the national RE:FIT framework of service providers needs to be re-procured (it expires in April 2020). It is proposed that up to £150,000 of GLA funding allocated to the current phase of RE:FIT is repurposed and used toward the costs of the procurement of the RE:FIT 4 framework. There is currently an expected underspend of about £280,000 on this phase of RE:FIT due to accumulated slightly lower than budgeted monthly fees from the PDU. It is proposed to use up to £150,000 of the current underspend to contribute to 50% of the cost of procuring a new framework for 2020-2024 with costs shared with Local Partnerships, the co-owner of the framework.
- 1.22 It is proposed that the GLA procures a PDU services provider to deliver continued technical assistance services through the RE:FIT programme to beneficiaries. The proposed procurement

³ RE:FIT Programme Evaluation – An interim report to the GLA, Kada Research, September 2018.

⁴ RE:FIT Programme Evaluation – A recommendation report to the GLA, Kada Research, January 2019.

approach is through a full OJEU process to meet the ERDF requirements and secure value for money. This estimated PDU contract value is around £3m (£3.74m minus £0.24m of GLA salary costs and £0.5m for the period covered by the extension of the current PDU) and the contract will commence on completion of the procurement process (currently estimated to be around March/April 2020).

- 1.23 As is the case now, the PDU service provider will be remunerated using an incentivisation model whereby part of the fees is retained by the GLA until certain KPIs are achieved, some of which should be higher than the ERDF contractual targets.
- 1.24 The procured PDU service will continue to:
- support users throughout the RE:FIT process by providing specialised advice, including benchmarking, technical, finance and procurement;
 - advise users and service providers on measures that do not adversely impact on air quality in London and ensure that projects going through RE:FIT are in line with the policies set out in the new London Plan and the London Environment Strategy;
 - identify and help to secure finance for retrofit programmes, including through low cost public borrowing schemes for example, Public Works Loan Board, Salix and the Mayor's Energy Efficiency Fund (MEEF);
 - advise on and produce documentation to assist with using the RE:FIT procurement framework including all aspects of energy performance contracting;
 - provide ongoing support on RE:FIT contract management and technical quality assurance;
 - maintain an up-to-date Programme Management Office including retention of all data and documents relating to the programme and monitor and verify programme outputs; and
 - provide reports and dashboards in accordance with ERDF and GLA requirements.
- 1.25 In addition to 'Business as Usual', for this extension the PDU will also:
- increase acquisition and engagement activities and strategies and review and update the current business development strategy in order to significantly grow the pipeline;
 - expand the RE:FIT client base and generate new projects for existing RE:FIT users;
 - prioritise organisations to approach, engaging at a senior level to get buy-in and adapting the level of support and additional services offered to the requirements of each organisation to maximise uptake;
 - continue to leverage access to the Health sector (through collaboration with NHS Improvement) and re-prioritise engagement with the London Boroughs in view of the recent increased interest in climate change action, in particular those London Boroughs which have declared a climate emergency;
 - promote and implement the changes made to the RE:FIT framework (v4), in particular in promoting the faster route for solar panels only projects and seeking new opportunities for heat networks; and
 - pilot the paid-for provision of technical assistance services to the commercial sector, based on the RE:FIT model and processes, but with fees covered by the commercial sector users rather than the public sector.
- 1.26 In order to optimise the benefits of the RE:FIT London programme and meet ERDF funding obligations the continuity of PDU services until March 2020 is critical. It is proposed therefore, that the GLA's current PDU contract with Turner and Townsend be extended by seven months (from the current contract end date, 31 August 2019, to 31 March 2020) as an interim measure to bridge the gap between the current PDU contract ending and a new PDU contract being awarded and

implemented. This is possible contractually as the current contract for PDU services was procured on the basis that the GLA can extend the contract duration for a period of up to 1.5 years. At the same time, the GLA needs to re-procure the framework of RE:FIT service providers. Following an options appraisal, it is recommended that the procurement of the new national RE:FIT framework (v4) is undertaken by Local Partnerships (LP) as they led on this procurement for RE:FIT 3 and are suitably experienced and well-resourced to lead on this procurement. It is proposed that the GLA contributes to LP's costs of the procurement process in order to retain shared ownership and management of the framework and the GLA will have a quality assurance role and input into the procurement process.

- 1.27 A contract for services will be agreed and entered into between the GLA and LP for LP's provision of procurement services and, based on LP's proposal, the total maximum cost to the GLA will be £150,000 (50% of total costs). It is recommended that the underspend on the current phase of RE:FIT is used to pay for this and as such we are seeking to re-purpose £150,000 of the £4.19m approved under cover of MD1505 toward these costs.
- 1.28 Officers acknowledge the need to procure services competitively with a value of the expenditure proposed in relation to LP. In this instance however, officers are of the opinion that section 5 of the GLA's Contracts and Funding Code applies as an exemption from that requirement may be justified on the basis that, as noted in the foregoing sections, LP have had previous extensive involvement in the RE:FIT project and are ideally placed to assist here, generating significant efficiencies. They are uniquely placed due to the following:
- LP ran the procurement process for the current version of the framework in 2015 and owe all of the documents required for the procurement;
 - LP would proceed with the procurement of the new framework even without GLA involvement and share of ownership, as their business model relies on having a RE:FIT framework. Our options appraisal found that RE:FIT continuing to be a national framework, co-owned and managed by LP and the GLA, is the most beneficial outcome for the GLA. A London-only framework would be time, resource and cost intensive to procure for the GLA with probably very little appetite from service providers to take part because of the smaller market size; and
 - Joining LP in their procurement allows the GLA to co-own and co-manage the framework which ensures the GLA retains control and can mitigate any reputational risk.
- 1.29 The approval of such an exemption is therefore sought.
- 1.30 The GLA will be responsible for making strategic decisions in relation to the London RE:FIT programme with a full time GLA Project Manager overseeing the overall operation, delivery and reporting of the PDU. Their duties will include:
- specifying and receiving various performance reports, requesting relevant information from the PDU and acting as a key contract contact point for questions, proposals or requests from the PDU;
 - overseeing and quality assuring the PDU delivery of contractual KPIs;
 - being the lead contact for ERDF and file all claims to ERDF;
 - overseeing the overarching promotion, communication and publicity of the programme; and
 - providing escalation support to the PDU.
- 1.31 The GLA Project Manager post would be a new appointment, the costs of which formed part of our application to ERDF and as such costs are covered at 50% by ERDF. The match funding is to be covered by the GLA and has been accounted for as part of the overall programme budget.
- 1.32 This post will be agreed through a Chief Officer form after this MD is approved so that recruitment can start soon after.

- 1.33 The current Programme Manager will retain strategic and budgetary oversight of RE:FIT and will manage the new GLA Project Manager. They will focus more of their time in developing the 'growing the demand' workstream (see below) to increase the demand and pipeline for RE:FIT and take ownership and in parallel develop a RE:FIT support scheme for the commercial sector.
- 1.34 From an internal governance perspective, the PDU will, as is already the case, report to the GLA monthly and fortnightly on: performance against KPIs – current and forecast, activities by user, programme-wide and project-specific risks and issues, and timesheets. In addition, GLA project monitoring and reporting procedures will be adhered to. Delivery will be regularly reported to the Deputy Mayor for Environment and Energy through the Energy for Londoners Working Group.
- 1.35 An evaluation of the programme, called a "Summative Assessment" for ERDF projects, is required at the end of all ERDF projects. This has already been procured through the current phase of RE:FIT and the final evaluation planned for August 2019 will now become an interim evaluation with final evaluation to take place in 2022 through a contract variation with our procured third party evaluator. No new decision is needed as the total cost of this work is still well within the value approved under ADD2192.
- 1.36 Finally, in order to grow the demand for RE:FIT, we will also develop a new stream of work looking at mobilising and getting commitment from senior decision makers within the London public sector. This strategy and new approach has been approved by the Deputy Mayor for Environment and Energy through the Energy for Londoners Working Group and will include the creation of a London Public Sector Climate Leaders group, new partnerships and collaborations with influential organisations and increased activities to persuade government to mandate for a compulsory carbon reduction target in the public sector (instead of the current voluntary target).

2. Objectives and expected outcomes

Objectives

- 2.1 RE:FIT aims to facilitate and accelerate the delivery of carbon and energy savings in the public sector by providing a framework of service providers based on energy performance contracts (guaranteeing the savings) and free technical assistance.

Expected outcomes

- 2.2 The ERDF outputs for an additional three years of the programme are based on the current programme's targets and extrapolated for a further three years. A slight reduction has been applied as the opportunity for new clients to sign-up to RE:FIT gets reduced every year since the programme has now been in operation for 10 years. The table below shows the outputs of the current phase, the new outputs for the extension and the overall programme outputs to 2022.

Outputs	Current phase (Apr 16 to Aug 19)	Extension (Sept 19 to Sept 22)	Total RE:FIT
Energy saved (kWh)	68,259,266	52,657,677	120,916,943
Carbon saved (t CO ₂)	14,986	19,060	34,046

- 2.3 In addition, (separately from activity funded using ERDF), it is proposed to trial a RE:FIT service for the commercial sector. Extensive work has been undertaken to develop proposals on how best to support the commercial sector to retrofit their estate, including research and analysis from our procured third-party evaluator. It is therefore proposed to trial a paid-for service through the PDU

where commercial clients can choose a provider from the RE:FIT framework and the PDU will support (on a fee-recovery commercial model) the user in providing benchmarking data, support for business case and scoping work and support in drafting an Energy Performance Contract using the templates from RE:FIT.

2.4 It is proposed that the details of such a service will be developed during the term of the extension to RE:FIT and will be a requirement of the new PDU to implement.

3. Equality comments

3.1 Under Section 149 of the Equality Act 2010, as a public authority, the Mayor of London must have 'due regard' of the need to eliminate unlawful discrimination, harassment and victimisation as well as to advance equality of opportunity and foster good relations between people who have a protected characteristic and those who do not.

3.2 In May 2018 the Mayor published his Equalities, Diversity and Inclusion (EDI) Strategy. Guidance on mainstreaming equality, diversity and inclusion in the decision-making process is now available for GLA teams to use to ensure their projects do not discriminate against those with protected characteristics, including BAME, and that this is monitored and reported on.

3.3 The GLA will take appropriate steps to ensure that there are no potential negative impacts expected on those with protected characteristics. Those with protected characteristics will gain from the positive benefits of the RE:FIT programme in equal measure should their businesses be selected, and there will be equality of access to participate in the delivery and benefit from the programme, without discrimination. The scheme will benefit Londoners as a result of reduced carbon emissions from the public sector.

3.4 It is not believed that the RE:FIT programme will have a significantly bigger impact on some groups than others. Similarly, it is not anticipated that certain groups face barriers or unequal outcomes relevant to this project. This is because the programme is about retrofitting of public sector buildings and doesn't contract with individuals directly. However, in its dealing with members of staff of those public services, the PDU will have a duty to ensure it complies with the GLA's Equalities, Diversity and Inclusion Strategy and enables the GLA's fulfilment of its duties under section 149 of the Equality Act 2010.

3.5 An analysis of impact from the programme on EDI has found that the two main areas where the GLA can eliminate unlawful discrimination, harassment and victimisation and the advancement of equality of opportunity and fostering of good relations between people who have a protected characteristic and those who do not are:

- in procuring the PDU, PDU service provider EDI policies and in their dealing with client organisations; and
- in procuring the service providers on the new framework, including relevant EDI requirements in the procurement process and ensuring service providers' supply chains include the same.

3.6 As such, the invitation to tender for the PDU support services for this programme will include a requirement for the service provider to undertake an equalities impact assessment. This will include an assessment targeting BAME individuals and those with other protected characteristics as beneficiaries or as part of the supply chain. This process will be undertaken as part of the programme mobilisation phase and will include establishing the monitoring and reporting processes and metrics.

3.7 The team will also consider (with LP) how best to integrate EDI requirements and considerations in the procurement of the RE:FIT framework of service providers to ensure that the supply chain used to deliver RE:FIT projects advances equality of opportunity and fosters good relations between people who have a protected characteristic and those who do not.

- 3.8 By facilitating the retrofit of public buildings, the programme will get these public-facing organisations to lead by example and consequently inspire others, in the public and private sector, to also save energy and carbon.
- 3.9 Building retrofit can also contribute to better working conditions and health outcomes for users of these buildings, which is particularly relevant for example in the hospitals RE:FIT is working with. Healthcare personnel and hospital patients could benefit from better temperature control and improved lighting for example, whilst the money saved by NHS Trusts through not wasting it on energy bills, could be used for essential frontline healthcare services.

4. Other considerations

a) Key risks and issues

4.1 Risks identified for the RE:FIT programme are listed in the risk table below.

Risk No.	Risk	Likelihood (1-4)	Consequence (1-4)	Rating	Mitigation
Election risks					
1	The discretion of a new Mayor, who may want to change or stop the RE:FIT programme, is fettered by contractual commitments that go beyond 2019	1	2	2	All political parties share a commitment to reduce carbon emissions, so there is little risk, at a strategic level, that this would not be supported by a new Mayor. However, in the unlikely event of a new Mayor wanting to change or stop funding services, there would be scope in the PDU's contract (that is, break clauses) and in the agreement with ERDF to allow for this.
Delivery risks					
2	Failure to bring forward identified energy saving activity and accelerate programme delivery in the early stages	1	2	2	Extension to the existing PDU contract should mitigate this as the contract extension will include requirements for the PDU to grow the pipeline. That pipeline will be handed over to the new PDU. In addition, the output profile accounts for a 'slow start' for six months whilst the new PDU gets mobilised whilst catching-up later.
3	Beneficiary organisations unable to provide sufficient buy-in and commitment to the project	2	2	4	<ul style="list-style-type: none"> - New PDU will build on recent improvements such as additional services including project manager deployment at client side - GLA 'growing the demand' workstream will target senior decision makers to commit and pledge
4	Lengthy client processes and approvals delay projects and cause attrition	3	2	6	<ul style="list-style-type: none"> - New PDU will build on recent improvements such as additional services including project manager deployment at client side - PDU to have dedicated project owner for each project - Seek GLA intervention where necessary - 'Growing the demand' workstream should get senior buy-in which should help expedite projects and avoid delays.

5	Poor quality of project management	1	3	3	Current project management processes do work so we will ensure the same processes are implemented with a new PDU. In addition, it is proposed a new GLA Project Manager is recruited for the programme, managed by the current Programme Manager to bolster internal resources. Interim evaluation, which includes a review of project management, has already been commissioned for end of 2019.
Output risks					
6	The new phase of RE:FIT fails to achieve its targets, negatively impacting on the achievement of the Mayor's RE:FIT and wider CO ₂ targets and meaning that the ERDF may claw back funding	2	3	6	<ul style="list-style-type: none"> - Future targets have been based on the track record of the current phase of RE:FIT. The extension will start with a healthy pipeline of projects from the current phase - Contractual incentivisation model will be used for remuneration of the PDU to incentivise achieving KPIs - New 'growing the demand' workstream to be set-up to increase pipeline and commitment at a senior level in beneficiaries - Effective programme management of the PDU by the GLA will ensure that the PDU is focused on achieving targets.
7	Failing to get in front of the right people / Senior decision makers affects acquisition and conversion to the programme adversely	2	3	6	<ul style="list-style-type: none"> - New PDU should continue and build-on solutions developed during this phase of RE:FIT, i.e. (i) identifying key stakeholders through capture plans; (ii) working closely with external partners; (iii) leverage the GLA to engage senior client stakeholders and using senior political influences to broker meetings at senior levels. - New 'growing the demand' workstream will target senior stakeholders.
Procurement risks					
8	No suitable bids for PDU contract	1	4	4	By going through an open OJEU process rather than using a framework, we are also allowing more organisations to bid, even smaller ones which are not on frameworks. Procurement risks will be addressed and mitigated as part of the RE:FIT PDU procurement strategy.
9	Heightening of any delivery risk.	1	2	2	Monitor delivery risks regularly, ensure programme is responsive, flexible and resilient enough to mitigate any escalated delivery risks. Suggest current quarterly risk workshop is maintained with comprehensive programme risk register.

b) Links to Mayoral strategies and priorities

4.2 In terms of Mayoral Strategies and priorities, the programme will contribute towards the following objectives, policy and proposals in the London Environment Strategy:

- The overall target for London to become zero carbon by 2050.

- Objective 6.1 - reduce emissions of London's homes and workplaces while protecting the most vulnerable by tackling fuel poverty.
- Policy 6.1.3 - improve the energy efficiency of London's workplaces and support the transition to low carbon heating and power.
- Proposal 6.1.3.a - provide direct technical support and assistance to help reduce CO₂ emissions and energy within the public sector, including leading by example in the GLA group estate objective.
- Proposal 6.1.3.b - support the reduction of emissions and energy use within the commercial sector, including through improved building management, energy efficiency and reporting.
- Policy 6.2.1 - delivering more decentralised energy in London.
- Proposal 6.2.1b - increase the amount of solar generation in London including through community energy projects and on GLA group buildings.

4.3 The programme also assists the delivery of the Solar Action Plan by "...encourage public sector organisations and providers of social housing to retrofit solar energy technologies on buildings by promoting the use of technical assistance programmes such as the Mayor's RE:FIT programme and the introduction of a successor to the current RE:NEW programme."

4.4 To a certain extent, the RE:FIT programme also helps deliver the transition to a low carbon circular economy, as set out in the Mayor's Economic Development Strategy for London, by providing market opportunities for companies specialising in the low-carbon retrofit of buildings.

c) Impact assessments and consultations

4.5 Consultations on the future of RE:FIT were undertaken with:

- direct stakeholders such as the current PDU and its partners (e.g. PA Consulting);
- the framework co-owner, Local Partnerships;
- some beneficiaries (public sector organisations such as from the health sector and London Borough); and
- all service providers on the RE:FIT framework.

4.6 The view was unanimous that RE:FIT provides a valuable service and enables carbon reduction in the public sector that would not have otherwise happened and as such should be continued. The programme third party evaluator, in their recommendation report, also strongly suggest a continuation of RE:FIT.

4.7 A workshop and further consultations were held to consider new options for supporting the public sector retrofit in London and a full option appraisal was produced and presented to the Deputy Mayor for Environment and Energy and went through internal management review and approval.

4.8 Individual sessions were held with 14 service providers of the RE:FIT framework to gather feedback and recommendations on the future version of RE:FIT. All these recommendations have been accepted and will be incorporated in the new version of the RE:FIT framework.

4.9 A whole day workshop was run with LP and other key procurement, legal and delivery stakeholders to start shaping RE:FIT 4.

4.10 Finally, the GLA's Gifts and Hospitality Policy and Procedure (June 2019) has been reviewed in relation to this Mayoral Decision and there are no conflicts of interest to declare.

5. Financial comments

- 5.1 Mayoral approval is requested for expenditure of £3.74m to extend the RE:FIT programme by three years. The proposal will be funded by a contribution of £1.87m ERDF grant and matched by GLA budget of £1.87m.
- 5.2 Forecast budget tables broken down by financial years are given in Appendix 1.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that the decisions requested of the Mayor concern the exercise of the GLA's general power of competence under s.30 Greater London Authority Act 1999 to do such things considered to further, or which are facilitative of, conducive or incidental to the promotion of the improvement of the environment in Greater London and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) 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
 - (c) consult with appropriate bodies.
- 6.2 In taking the decisions requested, the Mayor 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 Mayor 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 it is proposed LP provide from an accessible framework or conduct a competitive procurement exercise for the same. The Mayor may however, approve an exemption from this requirement under section 10 of the Code upon certain specified grounds. One of those grounds is that an exemption may be approved where the proposed supplier has had previous involvement in a specific current project. Officers have indicated in the main body of this report that this ground applies. The Mayor may therefore, approve the exemption proposed if satisfied with the supporting content of this report.
- 6.4 Should the Mayor be minded to make the decisions sought officers must ensure that:
- (a) they are content that the GLA can comply with all ERDF funding conditions, liaising with EMPU accordingly;
 - (b) do not act in reliance of such ERDF funding until legally binding commitments are in place in concerning the provision of the same;
 - (c) the extension of the GLA's current PDU services contract is recorded fully in accordance with the relevant provisions of that contract;
 - (d) the new PDU services contract is procured by, and they liaise with Transport for London Commercial in this regard who will determine the detail of the procurement strategy to be adopted in accordance with the Code;

- (e) the new RE:FIT framework is procured by Local Partnerships (which has agreed to this) in a manner which corresponds with the GLA's procurement law obligations and the Code; and
- (f) an appropriate contract is put in place with and executed by the GLA and Local Partnerships prior to the commencement of the provision by Local Partnerships of the procurement services proposed;
- (g) an appropriate contract and framework agreement is put in place with and executed by the GLA and the proposed PDU service and RE:FIT framework agreement providers before the commencement of the PDU services contract and RE:FIT framework agreement;
- (h) they obtain all necessary GLA HR and Chief Officer approvals concerning any staffing matters relating to the activity proposed; and
- (i) any agreements entered into in respect of the programme will be on terms which do not fetter the discretion of any potential successor to the Mayor, taking into account of the GLA elections being held prior in May 2020.

7. Planned delivery approach and next steps

Activity	Timeline
Approval of MD	by 31 August 2019
Commence procurement process for PDU	Aug/Sept 2019
Extend current PDU contract by 7 months	August 2019 (as soon as this MD is signed)
Contract with Local Partnership for procurement of RE:FIT framework	August 2019 (as soon as this MD is signed)
Appoint new PDU	March 2020
Launch RE:FIT 4 framework	Feb 2020
Final evaluation (external) submitted	June 2022
Delivery End Date	September 2022
Project Closure	December 2022

Appendices and supporting papers

Appendix 1 – Finance tables

The programme's budget is expected to be profiled as follows:

ERDF calendar year	Consultancy	salary	total
2016	£762,848.67	£0.00	£762,848.67
2017	£1,051,634.77	£0.00	£1,051,634.77
2018	£1,037,575.52	£0.00	£1,037,575.52
2019	£1,268,625.60	£23,666.66	£1,292,292.26
2020	£1,149,858.00	£71,750.00	£1,221,608.00
2021	£1,149,858.00	£72,750.00	£1,222,608.00
2022	£1,268,878.24	£74,500.00	£1,343,378.24
Total			£7,931,945.46

This budget is split as follows by GLA financial year and between the GLA and ERDF:

GLA FY	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Grand total
GLA	£550,571	£427,772	£555,531	£768,174	£610,929	£642,375	£289,288	£3,844,640
match (ERDF)	£550,571	£427,772	£555,531	£768,174	£610,929	£642,375	£289,288	£3,844,640
Plus salary (to be split 50:50)	£0	£0	£0	£41,417	£72,000	£73,000	£56,250	£242,667
total	£1,101,142	£855,544	£1,111,062	£1,577,765	£1,293,858	£1,357,750	£634,826	£7,931,946

The total of £242,667 of salary for the project manager post for three years includes 'on costs' such as pension and National Insurance contributions and will be added in the budget line once approved and will be equally split between the GLA and ERDF.

Figures up to 2018/19 are actuals and figures for subsequent years are projected.

Appendix 2 – Independent RE:FIT interim review recommendation

The independent interim review of the RE:FIT programme by Kada Research in September 2018 was very positive about the programme’s governance, management, delivery and performance. It makes some early comments and recommendations, all of which have been fed into the continuous improvement of the programme. Kada Research made four recommendations, presented in the table below together with how these were addresses:

Recommendation from interim review of RE:FIT	GLA/PDU action
(i) Identifying which client markets have the most potential as future prospects given recent trends/take-up of all three phases of the RE:FIT Programme? (PDU/GLA)	Taken forward through updated RE:FIT business development strategy
(ii) Linked to the above how a more joined up approach might be taken across Government to public sector savings. For instance, how might the low carbon retrofit activities of the public sector be accelerated to meet GLA Zero-Carbon ambitions? (GLA Policy Makers)	Fed into GLA policy work. Also fed into new proposed workstream on engaging senior stakeholders in public sector to get buy-in for RE:FIT at the top.
(iii) Whether stages one and two of the RE:FIT should include a more robust assessment of in-house client delivery capabilities and potential project delays to ensure appropriate support measures are put in place early on. (PDU)	Taken forward in updated RE:FIT business development strategy. This now includes ‘capture plans’ for each client with analysis of client’s delivery capability and sign-off process early on.
(iv) Whether further measures are required to ensure the ERDF targets are met in time to mitigate against the risk of excessive output back-loading. (PDU)	Feeding into ‘additional services’ proposed to RE:FIT clients to help accelerate realisation of the savings (targets).

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? YES

If YES, for what reason: It contains information concerning the procurement of the new RE:FIT framework and PDU contract the disclosure of which (prior to the completion of such procurement) risks distorting genuine competition for the same and value for public money which is not in the public interest.

Until what date: 1st March 2020 (or such other date by which the new RE:FIT framework and PDU contract have been awarded, if later)

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 - YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Sylvia Baron has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Debbie Jackson has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Shirley Rodrigues has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 19 August 2019.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M.T. M

Date

19.08.19

FOM MIDDLETON ON BEHALF OF MARTIN CLARKE

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

D. Jellamy

Date

19/8/2019.