

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2806

Title: Retrofit Accelerator – Homes, Centre of Excellence

Executive Summary:

The GLA has operated the Retrofit Accelerator – Homes (RA-H) programme since 2020. It provides technical assistance to social landlords to drastically reduce carbon emissions from their housing stock while supporting supply chain growth. The Department for Business, Energy & Industrial Strategy (BEIS) consider the RA-H approach to be exemplary and, as such, would like to provide a £3.45m grant to expand its scope to enable a Centre of Excellence to be created in 2021/22 on a pilot basis. This would broaden the reach of the RA-H so that it could support more London social landlords and some others across England, while also developing open-source tools, analysis and best practice. As has been agreed in principle with BEIS, the grant would also fund additional resources within the GLA to manage the expanded RA-H contract.

This Mayoral Decision seeks approval for the funding and delivery of this home energy efficiency technical assistance facility on a pilot basis, to be delivered in 2021-22.

Decision:

That the Mayor approves:

1. receipt of a £3,450,000 grant to create a London-hosted pilot national Centre of Excellence to deliver the Social Housing Decarbonisation Fund Technical Assistance Facility in partnership with the Department for Business, Energy and Industrial Strategy, throughout 2021/22; and
2. expenditure of the £3,450,000 above funding: (a) to purchase additional services from Turner & Townsend, the GLA's incumbent provider of London Homes Energy Efficiency Programme Technical Assistance Team services (£3,250,000), with a related contract variation; and (b) as GLA project management resource and contingency for specialist costs (£200,000).

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:

15/3/21

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

Decision required – supporting report

1. Introduction and background

Background

- 1.1 The Mayor wants to make London a zero-carbon city by 2030, whilst at the same time protecting the most disadvantaged Londoners by tackling fuel poverty. This is a stretching ambition given the scale of fuel poverty and the low take-up of energy efficiency measures. In light of the COVID-19 pandemic the Mayor's London Recovery Programme has also set out two relevant missions: A Green New Deal and A Robust Safety Net.
- 1.2 The Government's Clean Growth Strategy sets out an aspiration for all fuel poor homes to be upgraded to Energy Performance Certificate (EPC) Band C by 2030 and for as many homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable. The statutory fuel poverty target for England was set out in 2014 and it "is to ensure that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band C, by 2030". *Sustainable Warmth: protecting vulnerable households in England* was published in February 2021 and is the Government's fuel poverty strategy, outlining steps towards this. The Mayor's Fuel Poverty Action Plan lays out actions to help achieve this target in London.
- 1.3 In 2019 there were 531,000 households living in fuel poverty in London, which equates to over 15 per cent of all households. At the same time, the energy efficiency supply chain in London is very small at present. This lack of a substantial supply chain within London has often been cited as one of the reasons the city has consistently lost out from the Government's energy company supplier obligations; while Londoners contribute 13 per cent to the Energy Company Obligation (ECO) through their energy bills, less than five per cent of funding finds its way back to London.
- 1.4 Given these challenges, the Mayor is taking action through the Warmer Homes scheme, which targets energy efficiency support to fuel poor households in the owner-occupier and private rented sectors, and the Retrofit Accelerator – Homes (RA-H) programme, which launched in February 2020 (approved by the Mayor under cover of MD2235) to support social housing landlords.

Retrofit Accelerator – Homes
- 1.5 With match funding from the European Regional Development Fund, the RA-H programme provides London boroughs and housing associations the technical expertise they need to kick-start 'whole-house' retrofit projects across the capital. Crucially, it also has a wider strategic ambition to help build the supply chain and support the growth in green jobs.
- 1.6 The Mayor's Retrofit Accelerator – Homes (RA-H), programme operated by the GLA, forms part of the wider Energy for Londoners (EFL) programme, which aims to deliver against the targets set out in the London Environment Strategy, making London's homes warm, healthy and affordable. The programme takes a whole house approach, identifying a package of measures based on the needs of each home. This increased focus on deeper retrofitting aims to achieve greater occupant benefits including lower bills, greater comfort and improved health and wellbeing, in addition to greatly reduced carbon emissions.
- 1.7 To date RA-H has supported London's social landlords to design deep retrofit projects that have secured over £30 million pounds of internal and external funding. This includes over 200 performance guaranteed near net-zero energy retrofits currently going through contractor procurement processes ahead of implementation (estimated to save around 1,300 tonnes of carbon per annum), and a pipeline of hundreds more deep retrofits in development.

- 1.8 Furthermore, RA-H is acting on its wider strategic objectives to grow and strengthen the retrofit supply chain and enhance the market for low carbon and environmental goods and services, creating new, high-skilled jobs. This is being achieved through endeavours such as its Innovation Partnership procurement procedure, which brings landlords and leading contractors together to scale up the delivery of performance guaranteed, net zero energy retrofit while driving down costs.
- 1.9 This type of activity actively supports the London Recovery Board's determination that the recovery from the COVID-19 pandemic is driven through environmental activity that supports skills and jobs. The Green New Deal mission is central to this ambition, which includes a target to grow jobs through doubling the size of London's green economy.

The Social Housing Decarbonisation Fund

- 1.10 There are approximately 4.1m social homes in England with around 1.6m (39%) of these rated below EPC band C. Approximately 9% of social housing tenants are currently classified as fuel poor. In London the proportion of fuel poor social housing has historically always been higher (we are awaiting the latest regional figures, by tenure). Annually, social housing carbon emissions total ~8.5 MTCO_{2e}, which accounts for 1.9% of total annual UK Greenhouse Gas emissions (451.5 MTCO_{2e}) and 9.6% of all annual UK Building Greenhouse Gas emissions (88.9 MTCO_{2e}).
- 1.11 To help address this, the Government committed £3.8bn to establish a Social Housing Decarbonisation Fund over a 10-year period, to improve the energy performance of social rented homes. The Autumn 2020 Spending Review committed £60 million to the SHDF programme to ensure early progress in the social housing sector is made in financial year 2021/22.
- 1.12 Prior to the Social Housing Decarbonisation Fund, the Government released the Whole House Retrofit Competition and the Social Housing Decarbonisation Fund *demonstrator* (smaller pilot initiatives with less funding available than in the subsequent main fund). Several of London's social landlords, supported by the Mayor's RA-H programme, were successful in securing millions of pounds of funding.

Centre of Excellence

- 1.13 The success of Mayor's RA-H programme to date has led to it being identified by the Department for Business, Energy & Industrial Strategy (BEIS) as the delivery programme of choice for its proposed social housing Technical Assistance Facility (TAF), which is designed to support the early phases of the delivery of its Social Housing Decarbonisation Fund (SHDF).
- 1.14 The TAF will achieve this through a programme of support for social housing landlords in all aspects of the retrofit process. This will include toolkit and software development support, and 'lighter-touch' coaching and training. These are all activities which RA-H's technical assistance team are already successfully providing within London.
- 1.15 BEIS' initial assessment of suitable delivery partners was undertaken based on the following criteria:
- evidence of existing retrofit technical assistance provision;
 - evidence of ability to scale-up to national (England) provision at pace;
 - long term strategic development capability; and
 - eligibility for section 31 Grant.
- 1.16 After assessing a number of options, the Mayor's RA-H programme has been identified as the most credible and expedient delivery route for the TAF provision in 2021/22 on a pilot basis, for a period of one year only.

- 1.17 It is proposed that the GLA would take receipt of £3.45m from BEIS to widen the remit of the Retrofit Accelerator's existing technical assistance team in order to establish a pilot national retrofit Centre of Excellence, expanding the reach of Retrofit Accelerator – Homes so that it could deliver enhanced support to social landlords inside London and across England, in 2021-22.
- 1.18 BEIS intend to use this one-year pilot to help them ascertain the requirement and design of any longer-term delivery of a TAF function on a more permanent and formalised basis. Further approvals will be required and sought for any future provision of this function beyond the initial term by the GLA.
- 1.19 A Memorandum of Understanding, agreed in principle (subject to Mayoral approval of this form), between GLA and BEIS will set out expected deliverables and outputs, reporting requirements to be fulfilled, and associated roles and responsibilities.
- 1.20 It is proposed that the GLA's current contract with Turner & Townsend for Technical Assistance services be varied in order to expand their London-based resources and remit to deliver the technical aspects of the Centre of Excellence at a cost of £3,250,000.
- 1.21 The Technical Assistance services contract was awarded to Turner & Townsend in 2019 following a competitive procurement conducted fully in accordance with the Public Contracts Regulations 2015 and the GLA's Contracts and Funding Code. The current maximum contract value is £4,600,000 and the GLA is only committed to expenditure of £3,040,000 at present.
- 1.22 Officers are of the view therefore, that the variation proposed is "permitted" for the purpose of the procurement law on the basis that:
- (a) the need for it was unforeseeable as the GLA could not have anticipated that central government wished to fund an expansion of the Retrofit Accelerator – Homes programme during the contract period. Indeed this requirement is entirely new, and the first time that the Department of Business, Energy and Industrial Strategy indicated their intentions was in early December 2020, well after the original procurement was undertaken;
 - (b) the modification does not alter the overall nature of the contract, since the functions and nature of additional services proposed correspond with those procured under the original contract; and
 - (c) the value of the variation proposed, when the current committed expenditure is taken into account, does not result of an increase in excess of 50 per cent of the original contract.
- 1.23 This funding would also support the creation of a new one-year fixed-term resource within the GLA's Environment and Energy Unit, together with other specialist support as necessary, to help bolster our contract and relationship management function. This resource will be approved through establishment control processes as appropriate.
- 1.24 Existing RA-H deliverables and outputs would remain in place and completely separate from the new facility.

Benefits of the Centre of Excellence to London

- 1.25 The Mayor is committed to delivering a green recovery from Covid-19 and a Centre of Excellence would help further demonstrate London's leadership on energy efficiency – a key sector for driving good growth and green jobs. There are numerous direct and indirect benefits associated with the GLA undertaking the Centre of Excellence function in the delivery of the TAF on a pilot basis in 2021-22:
- London would be a direct beneficiary of all toolkits, best practice and analysis generated by the facility, which would be developed to ensure they are highly applicable for London's social

housing providers. London's housing stock is amongst the most diverse in the country and so increasing the knowledge base across different housing 'archetypes' will benefit London, providing an important enabler to support longer term market development to address the capital's diverse stock;

- London's social housing providers would receive increased technical assistance and support at a time when the capacity of our RA-H Programme Delivery Unit is being tested as a result of the increasing demands for its services (in part due to supporting organisations' bids for government funding). This additional support would potentially lead to a greater number of housing providers in London successfully bidding for funding under the £3.8bn Social Housing Decarbonisation Fund;
- London's low carbon and environmental goods and services sector is worth £40 billion in sales and employs nearly 250,000 people. The GLA and London Recovery Board's Green New Deal mission has a target to double the size of London's green economy by 2030 to accelerate job creation. Turner & Townsend, our RA-H deliver partner, will base the enhanced technical provision from London, which will directly support this aim. Enhanced good-quality technical assistance should also result in a greater number of funded retrofit projects, with associated supply chain growth and jobs;
- retrofitting social housing is a national problem which requires a national strategy and framework allowing for local ambitions and circumstances. This Centre of Excellence will develop a platform to capture and share knowledge and lessons learned from previous projects and ongoing schemes (something which currently does not exist, and would be valuable to London's landlords) to actively assist social landlords in learning these lessons;
- operating a facility that also provides support to TAF applicants outside London, will enable us to better develop and (re)arrange retrofit supply chains, join up with other key city operations (i.e. supporting, for example, other Metro Mayors) and benefit from increased economies of scale in relation to energy efficiency products, technologies and services;
- the built environment is a huge contributor to climate change, requiring local, national and international action. London achieving its own net-zero carbon targets will be in vain if others fail to play their part. By showing national-facing leadership through this agenda, the Mayor is also supporting his own goals to limit climate change impacts within London; and
- the GLA Environment & Energy Unit would be able to utilise a portion of the grant to fund further internal resource to help contract manage the RA-H Programme Delivery Unit and expand its operations.

2 Objectives and expected outcomes

2.1 The main purpose of the TAF is to support the development of a pipeline of high-quality retrofit projects and applications to the SHDF Programme. The key outputs from the GLA's pilot Centre of Excellence are therefore expected to be as follows:

- upskilling of social landlords on the entire retrofit process, including assessing the energy performance of their housing stock; developing energy performance improvement plans in line with maintenance and upgrade plans; procurement of the supply chain; identification of appropriate energy performance measures; development of business cases to assist with board buy-in; tenant engagement; and accessing funding;

- a platform to capture and share knowledge and lessons learned from previous projects and ongoing schemes, and actively assist social landlords in learning these lessons. This will also provide insights for BEIS on the barriers social housing providers face in the retrofit sector, and ensure, as far as practicable, the learning informs future scheme design;
- work towards building landlord confidence and competence in carrying out retrofit projects so that landlords can develop a pipeline of high-quality retrofit projects increasing the overall number of applications to the programme;
- increased value for money through helping landlords produce higher quality applications and projects in line with scheme guidance;
- a plan to sustain the pipeline of high-quality bids for the SHDF programme;
- detailed Information and Knowledge Management (IKM) of the existing and developing retrofit landscape;
- easily accessible retrofit toolkits/software platforms;
- A report outlining a strategy for the roll-out of the long-term SHDF TAF (beyond March 2022) including content, organisational design and delivery mechanism; and
- increased diversity and range of bid applications from the full breadth of social landlords into the SHDF programme.

3 Equality comments

- 3.1 Under section 149 of the Equality Act 2010, as a public authority, the GLA is subject to the public sector equality duty and must have due regard to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do. Protected characteristics under section 4 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sex orientation, and marriage or civil partnership status (all except the last being “relevant” protected characteristics). This is the public sector equality duty ((PSED). Compliance may involve, in particular, removing or minimising any disadvantage suffered by those who share a relevant protected characteristic, taking steps to meet the needs of such people and encouraging them to participate in public life or in any other activity where their participation is disproportionately low, including tackling prejudice and promoting understanding. In limited circumstances this may involve treating people with a protected characteristic more favourably than those without the characteristic.
- 3.2 The GLA will take appropriate steps to identify and mitigate potential negative impacts on those with protected characteristics in relation to the development, design, targeting, marketing and delivery of the scheme. This will be done by ensuring compliance with the Mayor’s Equality, Diversity and Inclusion Strategy and developing and testing actions in line with GLA guidance on equalities and diversity. Those with protected characteristics will gain from the positive benefits of this scheme in equal measure should their households be eligible, and there will be equality of access to participate in the delivery and benefit from the scheme, without discrimination.
- 3.3 This initiative is aligned with the London Environment Strategy. The programme will target residents who are in or at risk of fuel poverty and homes with poor levels of energy efficiency, and it will aim to promote holistic, whole-house energy efficiency retrofits. The programme is therefore designed to advance equality of opportunity and support those who are particularly vulnerable, whether as a result of their protected characteristics or other factors, such as their health or personal circumstances. It is therefore expected that this scheme will have a positive impact on lower income and fuel poor households directly through the home refurbishments it enables.

4 Other considerations

Links to Mayoral strategies and priorities

4.1 Relevant London Environment Strategy policy proposals:

- I. Proposal 10.1.2.a: To support start-ups and business growth across the economy, including in the low carbon and environmental goods and services sector.
- II. Proposal 10.1.1.e: The Mayor will work with stakeholders from across the financial and environmental sectors to develop financing mechanisms.
- III. Proposal 6.1.2.a: The Mayor will work with partners to help alleviate fuel poverty in London through implementing the recommendations of the Fuel Poverty Action Plan.
- IV. Proposal 6.1.1b: Pilot innovative methods to implement the stronger energy efficiency retrofitting needed.
- V. Proposal 6.1.1a: Contribute to helping Londoners improve the energy efficiency of their homes, where appropriate, by providing technical assistance, support and funding.

4.2 Relevant Equality, Diversity & Inclusion Strategy objectives are:

- Strategic Objective 12: To work with government, businesses, transport providers, voluntary groups and all relevant partners to help ensure our approach to tackling fuel poverty and improving green spaces is inclusive.

4.3 Relevant Health Inequalities Strategy objectives are:

- Through the Mayor's London Food Strategy and Fuel Poverty Action plan, work with partners to tackle food poverty and fuel poverty and their impacts on vulnerable Londoners.

4.4 Relevant recovery missions are: A Green New Deal; and Good Work for Londoners.

4.5 Key risks

Risk no	Risk	Likelihood (1-4)	Consequence (1-4)	Rating	Mitigation
1	GLA cannot fulfil KPIs within the GLA-BEIS grant agreement	1	2	2	Ownership of and liability for outputs will be enshrined within a contract variation with Turner and Townsend who operate the RA-H Programme Delivery Unit
2	Reduced benefit to London as a result of greater support being provided to organisations outside of London	1	4	4	All tools and guidance developed will be available to all London social housing providers. Additional technical support will be

					provided on an open-application basis which does not preclude London landlords.
3	Turner and Townsend cannot recruit fast enough and KPIs are missed	1	2	2	Turner and Townsend currently have a recruitment programme underway which they can leverage to ensure the right resources are allocated to this project in a timely fashion.
4	GLA cannot resource the additional management requirements	2	3	6	Part of the grant will be utilised to provide extra resource in the GLA's Environment & Energy Unit.

Conflicts of interest

- 4.7 There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision form.

5 Financial comments

- 5.1 Approval is being sought for the receipt of £3.450m from BEIS in revenue grant funding to create a London based Centre of Excellence delivering the Social Housing Decarbonisation Fund Technical Assistance Facility. This will be used to support social housing landlords with retrofitting projects and is part of the Mayor's strategic plan to make London a zero-carbon city by 2030. This grant funding will be held in the 2021/22 Energy Efficiency budget within the Environment Unit and is expected to be spent by 31 March 2022.
- 5.2 £3,250,000 of this funding will be allocated to Turner & Townsend who will deliver the London Homes Energy Efficiency Programme Technical Assistance Team services. The indicative profile for expenditure by them is anticipated as £812,500 per quarter during the 2021/22 financial year. The remaining £200,000 will be utilised on project management and ancillary costs to support the programme.

6 Legal comments

- 6.1 Under section 30 of the Greater London Authority (GLA) Act 1999, the GLA, acting by the Mayor, may do anything that furthers the promotion of one or more its general powers: economic development and wealth creation in Greater London, social development in Greater London and its environmental improvement. In determining whether and how to exercise these functions the Mayor must have regard to the effect of doing so on the health or persons in Greater London, health

inequalities between people living in that area, the achievement of sustainable development in the UK and climate change and its consequences. The Mayor should exercise his powers under section 30 in the way best calculated to promote health improvements and reduce health inequalities, contribute to the achievement of sustainable development in the UK and contribute to the mitigation or, or adaptation to, climate change in the UK.

- 6.2 The proposal is that the GLA undertakes a national Centre of Excellence function in respect of the TAG programme on a pilot basis in 2021/22 funded by a grant from BEIS. The proposal will have the direct and indirect benefits for London mentioned in paragraphs 1.21 and 2.1 above and so is likely to promote economic and social development and environmental improvement in Greater London within the ambit of section 30 of the GLA Act 1999, notwithstanding that the GLA will be undertaking a number of activities in respect of TAF applicants outside London to the benefit of those areas.
- 6.3 The pilot is for 2021/22 and is only funded by BEIS for that year under a Memorandum of Understanding. The TAF programme is a Government programme. In the event BEIS invites the GLA to undertake the national Centre of Excellence function on a longer-term basis consideration should be given as to how this should be formalised.
- 6.4 Regulation 72(1)(c) of the Public Contracts Regulations 2015 permits contracting authorities to make certain modifications to existing contracts where:
- (a) the need for modification has been brought about by circumstances which a diligent contracting authority could not have foreseen;
 - (b) the modification does not alter the overall nature of the contract; and
 - (c) any increase in price does not exceed 50% of the value of the original contract. Officers have indicated at sections 1.17 to 1.22 above that this is the case here. The Mayor may therefore, approve the variation proposed if satisfied with the content of this decision form.
- 6.5 It should be noted that the valid application of the regulation 72(1)(c) requires (under regulation 72(3)) that a supplemental notice setting out the existence and basis for the variation be published in the Official Journal of the European Union.
- 6.6 In taking the decisions requested, as noted in section 3 above, the Mayor must have due regard to the Public Sector Equality Duty under section 149 of the Equality Act 2010, namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity, 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. To this end, the Mayor should have particular regard to section 3 of this report.
- 6.7 Should the Mayor be minded to make the decisions sought officers must ensure that they:
- (a) do not place reliance upon or make any commitment to any third party in reliance upon the BEIS funding until legally binding confirmation of its provision is in place;
 - (b) observe the principle that the GLA should not unreasonably fetter the discretion of any future administration, which should include (to the extent not contained in the current contract) that a termination for convenience right is included in the GLA's favour and commissioning is managed with this in mind;
 - (c) publish a supplemental notice in the Official Journal of the European Union as per section 6.4 above;
 - (d) administer and document the variation in accordance with the provisions of the original contract before the commencement of the additional services; and

(e) comply fully with all of the GLA's HR protocols to the extent that there are any staffing implications of proceeding as proposed.

7 Planned delivery approach and next steps

Activity	Timeline
The Secretary of State grants the Authority revenue funding of £3,450,000 grant to deliver the outcomes for the Funding Period	12 March 2021
Provide the Secretary of State with the documentation and information required to enter Agreement	15 March 2021
Begin Centre for Excellence TAF activities	1 April 2021
Conclude Centre for Excellence activities	31 March 2022

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 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: To allow time for the removal of the embargo on communicating London's success in securing Social Housing Decarbonisation Fund demonstrator funds.

Until what date: 30 May, 2021

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:

Ben Coombes has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Philip Graham 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 15 March 2021.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

15 March 2021

CHIEF OF STAFF:

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

Signature

Date

15 March 2021

