

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD1606

### Title: London Boiler Cashback Scheme

#### Executive Summary:

This paper seeks approval of the funding and administration of the "London Boiler Cashback Scheme" as part of the Mayor's RE:NEW domestic retrofit programme. If approved, capital funding of £2.6m will be used to provide 6,500 owner occupiers and accredited private landlords each with £400 cash back on replacement of a working 70 per cent or less efficient boiler with a new 90 per cent or above efficient boiler or renewable heating generation. It is proposed that the scheme be managed and administered by the Energy Saving Trust (EST) and Capita will manage a programme of fraud prevention including audit visits to homes, as part of the RE:NEW programme.

The scheme will result in estimated annual savings of 9,750 tonnes of carbon dioxide (tCO<sub>2</sub>), increasing emissions reductions to date from this phase of RE:NEW by nearly a third, and a reduction in annual energy bills of around £340 per participating household (over £2.2m per year off Londoners' fuel bills in total), among other benefits such as reduced NO<sub>x</sub> emissions/improved air quality and a reduced risk of carbon monoxide poisoning.

#### Decision:

That the Mayor approves:

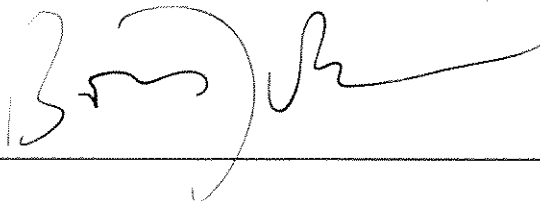
1. expenditure of up to £2.8m to undertake a pan-London boiler scrappage scheme ("The London Boiler Cashback Scheme") commencing in early February 2016. Existing capital funding of £2.6m and revenue funding of up to £200,000 from within Housing and Land Directorate budgets, will be redirected for this purpose;
2. the award of a contract, with a value of up to £148,000, to the Energy Savings Trust for the administration of the scheme and a related exemption from the requirements of the GLA's Contracts and Funding Code to seek competitive tenders for such services; and
3. the variation of the GLA's RE:NEW contract with Capita (for administration of the RE: NEW Support Team) to undertake a programme of fraud prevention for the scheme, with a value of up to £50,000.

#### 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:

1<sup>st</sup> February 2016

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

### Decision required – supporting report

#### 1. Introduction and background

- 1.1 The Mayor's Climate Change Mitigation and Energy Strategy (CCMES) sets out a plan to reduce London's emissions by 60 per cent by 2025 compared to 1990 levels. Emissions from homes account for 36 per cent and the CCMES enshrines ambitious reduction targets from the domestic sector.
- 1.2 Delivering energy efficiency measures in London has historically been difficult due to multiple challenges. These include the age and fabric of the housing stock, conservation areas, and the high proportion of privately rented homes (26 per cent – 10 per cent of which have the lowest energy efficiency rating), where there are split incentives.
- 1.3 In addition, a raft of Government policy changes and proposals within a relatively short period of time have led to challenges to the delivery of domestic retrofit in London at scale, including through the RE:NEW programme, in the short to medium term. In respect of energy policy, these are changes to the Energy Company Obligation, the scrapping of Green Deal and Zero Carbon Homes Standard (and Allowable Solutions), and Government's recent decision to cut the domestic Solar Feed-In-Tariff by 64 per cent. Recent and proposed housing policy changes may also mean that energy efficiency will, at least in the short term, be less of a focus within the social housing sector.
- 1.4 It is necessary therefore, to explore programmes and initiatives that can rapidly boost domestic retrofit delivery in the capital, in order to realise additional carbon savings to help achieve the Mayor's targets.
- 1.5 In addition, last winter there were over 4,000 excess winter deaths, compared to 1,700 in 2013/14 levels. While the reasons for the increase are not entirely clear, poorly heated homes are likely to have contributed (due to fuel poverty caused by inefficient heating systems).
- 1.6 There is strong case for a GLA boiler scrappage scheme:
  - **Old inefficient boilers, which are still working after many years, are not necessarily a priority to replace for homeowners.** This has two costs associated with it. First, the homeowner (or tenant) will be paying higher bills to operate the boilers compared to new efficient ones. Second, in environmental terms older boilers generate far higher emissions (both CO<sub>2</sub> and NO<sub>x</sub>).
  - **Installing an efficient boiler can be a cost-effective way to cut household energy bills, CO<sub>2</sub> and NO<sub>x</sub> emissions.** Domestic heating accounts for around three quarters of household energy consumption and boilers, in particular, for around 55 per cent of household energy spend each year. Gas boilers also account for approximately 12 per cent of London's NO<sub>x</sub> emissions. Replacing a 70 per cent or below efficient boiler with a boiler which is 90 per cent or above efficient can save over 1.5tCO<sub>2</sub> and around £340 a year off a household's fuel bills.
  - **Gas boilers, have delivered the biggest CO<sub>2</sub> savings of all energy efficiency measures in London's homes since 2005 (over 0.6MtCO<sub>2</sub>), and the scope to do more is considerable.** Replacing 6,500 inefficient boilers with highly efficient ones could save in the order of 9,750 tCO<sub>2</sub> and around 10 tonnes of NO<sub>x</sub> per year. Since legislation was introduced in 2005 mandating the installation of condensing gas boilers in all but special applications, installation rates in London have increased to over 200,000 every year. However, it is estimated that up to 212,000 homes currently have old inefficient boilers across the capital, the overwhelming majority of which are in the private sector – so there is clearly scope to achieve far more.
  - **A strong precedent already exists – boiler scrappage schemes in particular have been some of the most successful Government energy efficiency interventions and have secured excellent consumer satisfaction ratings (~96 per cent), assuring rapid carbon**

reduction and energy savings. DECC's 2010 Boiler Scrappage Scheme in England (launched by the Prime Minister), which was set up at one week's notice, offered a voucher contributing £400 towards replacing old inefficient boilers with new efficient models. The scheme opened on 5 January 2010, and the demand was such that, the majority of vouchers were allocated for the scheme within weeks of opening. This resulted in the scheme having fully allocated all available vouchers by 18 March 2010. The assumed CO<sub>2</sub> savings for the Government scheme also exceeded the estimates stated at the beginning of the scheme by 71 per cent. However, the Government currently has no plans for a further scheme. (Further background on Government's 2010 scheme is set out at **Appendix 2**).

- **There is sufficient demand for boiler scrappage schemes in London, as proven by DECC's previous scrappage scheme.** In 2010 over 9,700 households in over 20 London boroughs received vouchers, equating to £3.88m (significantly more than would be delivered through the proposed GLA boiler scrappage scheme).

### **Scheme design: eligibility and requirements**

1.7 The eligibility criteria and requirements for the scheme would be as follows:

1. **properties** must be homes in London
2. **applicants** must be homeowners or, accredited private landlords (the landlord or the agent managing their property, must be accredited with the Mayor's London Rental Standard)
3. **boilers being replaced** must be a 70 per cent or below efficient gas, oil, LPG or solid fuel (typically 15+ years old), in working order and the main boiler used to heat the home
4. **replacement boilers** must be at least 90 per cent efficient or a renewable heating technology (further details of proposed eligible technologies are at Appendix 3)
5. **installations** must be undertaken by a Gas Safe (formally CORGI) accredited installer (in line with the legislative requirement to do so), for oil a member of the competent person's scheme (such as OFTEC or HETAS), or for renewable heat technologies (e.g. heat pumps or solar thermal), a Microgeneration Certification Scheme (MSC) accredited installer or equivalent (see section 8 below on fraud and quality assurance).<sup>1</sup>
6. **to avoid issues of additionality**, the boiler scrappage voucher must not be used in conjunction with any central government scheme.

1.8 It is central to our climate and energy strategy to make this scheme applicable to renewables. However, due to higher installation costs, we do not expect many renewable heat technologies to be installed under the scheme. For example, Government's 2010 scheme resulted in only 75 renewable heat installations out of 118,600 installations in total.

### **Scheme design: level of cashback**

1.9 **Similar to previous successful schemes, a GLA scrappage scheme would provide £400 scrappage vouchers to around 6,500 households across the capital this winter.** The GLA would stipulate that the scheme closes once the money is spent and successful applicants have up to 12 weeks after receiving their voucher to have the work done and claim the money off the cost of installation. We would plan to issue vouchers equal to the overall capital budget (£2.6m) plus ~5 per cent, recognising that there will be at least a ten per cent drop out. Previous schemes have resulted in around 10-20 per cent drop out (either as a result of failing to meet eligibility criteria or applications either being withdrawn or reaching expiry).

1.10 £400 is considered the right level of grant to provide to consumers and there is a clear precedent. Both UK and Scottish governments have provided £400 vouchers through previous scrappage schemes, which have received 100 per cent take-up. This amount of grant would also represent approximately 20 per cent of the overall installation cost (assuming an average boiler replacement is around £2,000). According to DECC this level was also based on a consumer perception of what

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<sup>1</sup> For the remainder of this paper, Gas Safe and Microgeneration Certification Scheme (MSC) installers will be referred to as certified installers

value of voucher was worth the aggravation of applying. Offering less than £400 may also discourage householders on lower disposable incomes (e.g. those who are fuel poor).

- 1.11 The cost of a new energy efficient gas boiler varies greatly, from £1,500 to around £3,000, and is estimated by the Energy Savings Trust at an average nationally of around £2,300 including installation. The average in London is expected to be lower than this, given the high proportion of flat. It is proposed that vouchers are provided at the same rate to all homes regardless of total outlay.

#### **Scheme design: application and claim process**

- 1.12 The application and claim process includes six key steps. These are set out in **Appendix 1**. A flowchart giving an overview of the process can be found in **Appendix 4**.
- 1.13 Similar to previous government schemes, to minimise administration and delays to customers, there would be no facility to submit paper applications for the scheme.

#### **Regulation and quality assurance**

- 1.14 The installation of gas heating systems is highly regulated through Gas Safe, which is primarily a health and safety regulatory regime where installers have to be accredited. Installers risk losing their jobs and can be subject to criminal proceedings if they do not carry out their duties in accordance to the law. The Gas Safe Register contains details of all certified gas installers in the UK. In addition, the Microgeneration Certification Scheme for renewable heating systems is a nationally recognised quality assurance scheme, supported by the Department of Energy and Climate Change. In practice, however, as stated above, we do not expect many renewable heat technologies to be installed under such a scheme.

#### **Fraud prevention**

- 1.15 In order to provide assurance that funds under the scheme would not be acquired or used fraudulently, a **Fraud Reduction Framework** will be put in place, comprising eligibility checks, and pre-installation and post-installation audit visits. A percentage of installations would be verified through regular data checks, with some physical visits at four different stages of the installation process:
1. **visits to up to two per cent of a random sample of those who have applied for a voucher** to verify if their boiler is indeed a 70 per cent or below efficient boiler eligible for replacement under this scheme. (The Government's BSS in 2010 did this and found that 93 per cent of applications were valid and 7 per cent either failed or withdrew. However, this was only at the self certification stage and prior to any thorough system checks being carried out by the Energy Saving Trust, and prior to boiler installation by an accredited installer). **This element will be administered by Capita.**
  2. **visits to up to two per cent of a random sample of householders who have completed installation** to check that an eligible replacement heating system has been installed. (The Government's BSS also did this with a 99.7 per cent pass rate with only 6 installations which failed). **This element will be administered by Capita.**
  3. **checks of all claims against work notified to Gas Safe.** Any claims for works that have not been notified to Gas Safe, which is currently a requirement, would be investigated. **This element will be administered by EST.**
  4. **daily checks** (using an integrated database) to ensure that no more than one voucher per property is given. This would be done by monitoring postcode data. Any multiple applications would be investigated. **This element will be administered by EST.**

#### **Targeting specific groups**

- 1.16 In terms of demography, the scheme would be designed to attract all social groups. However, by encouraging lower installation costs (e.g. by encouraging consumers to shop around and obtain up to three quotes from accredited installers, e.g. GasSafe) we may broaden the social reach of the scheme by making boiler replacement even more affordable. In addition, we would expect the

scheme to trigger some energy companies and installers to complement and, in some cases, match the GLA offer, offering even better value for the consumer, particularly people on low incomes. Offers made by energy companies and installers may also increase the number of installations, increasing carbon savings as a consequence.

1.17 We plan to work through boroughs to ensure that existing referral mechanisms (i.e. fuel poverty and seasonal health networks) are used to communicate the scrappage scheme. We would intend the Mayor to write to boroughs when the scheme is launched inviting their engagement and highlighting the need to ensure households that are fuel poor are assisted, where possible.

1.18 We are also mindful that this scheme would come ahead of the new private rented sector (PRS) regulations which will come into force in April 2016, empowering private domestic tenants to request consent for energy efficiency measures that may not unreasonably be refused by their landlord. Marketing material will be specifically targeted at London Rental Standard (LRS) accredited landlords through the LRS accrediting organisations, all of which will be asked to disseminate information about the scheme direct to their members.

1.19 Marketing material will also be targeted at other groups in the private sector, such as first time buyers.

### **Alternative options**

1.20 Consideration was given to using the same level of capital funding for other retrofit measures, such as solid wall insulation or solar PV. However, there is currently a far stronger cost benefit for gas boiler replacement compared to other measures, in terms of levels of carbon savings and consequent fuel bill savings, reductions in fuel poverty and health benefits to households. The table below shows CO<sub>2</sub> and bill savings for at least 90 per cent efficient condensing gas boilers compared with solar PV and solid wall insulation.

<b>Technology</b>	<b>Up-front cost</b> (average range)	<b>Energy bill savings</b> (£/year)	<b>Carbon dioxide savings</b> (kgCO <sub>2</sub> /year)
Condensing Gas Boilers	1,500 – 3,000	340	1,500
Solar PV	5,000 – 8,000	160 (incl. export tariff)	1,870
Solid Wall Insulation	8,000 – 22,000	270	1,100

1.21 The implementation of other measures would also be far more complex, present numerous physical challenges and take far longer (and be more costly) to implement:

- **solar PV:** while average carbon savings are slightly higher than a typical gas boiler installation, the average domestic solar PV system costs between £5,000 – 8,000 (including VAT at five per cent) – nearly three times the cost of a boiler, on average. Solar PV will also not deliver air quality benefits in London (given it is replacing electricity from the grid which is predominantly generated outside of London), or help alleviate fuel poverty
- **solid wall insulation:** given up-front costs range between £8,000 – 22,000, the GLA would be required to spend considerably more money to entice householders to install solid wall insulation. Grants would therefore have to be far larger than £400 and therefore fewer homes would be supported. Planning permission may also be required in Conservation Areas (if external wall insulation is installed).

1.22 The reason for focusing the scheme on the private rather than social housing sector is that, first, due to Decent Homes and other asset maintenance programmes implemented by social landlords, there is a very low incidence of energy inefficient boilers in that sector. 85 per cent of social housing stock is between EPC C and D compared to the owner occupied and private rented sector where over 30 per cent are between EPC E and G. Second, the RE: NEW Support Team is already working closely with the social housing sector to support them to retrofit their stock, with support plans in place with 58 organisations. Third, there are lower rates of fuel poverty in social housing.

- 1.23 It would be possible to have a more targeted approach, focusing specifically on fuel poor households or those at risk of or experiencing cold-related illness. However, in the absence of available data to enable very specific groups of households to be targeted, a more blanket approach tackling the most inefficient boilers/heating systems is one way to deal with the least efficient homes (where fuel poverty may be acute). Moreover, the less targeted a scheme is, the higher the take up – and therefore the CO<sub>2</sub> savings – will be.
- 1.24 Consideration was given to whether the GLA should make individual grants direct to householders, who would then arrange for their own installations, or whether grants – and potentially installations – should be administered through London boroughs. The former option is considered preferable due to economies of scale, the need to efficiently accommodate accredited private landlords operating across more than one borough, and the need to implement the scheme quickly.

#### **Communications and marketing**

- 1.25 It is envisaged that the offer, combined with a Mayoral launch and tactical communications campaign, will be quickly picked up by the media and awareness will spread. Previous Government schemes have involved very little marketing, and – following high profile launches – awareness has spread effectively and widely.
- 1.26 A tactical marketing campaign would include:
- Mayoral launch on or around 2 February 2016 (potentially to coincide with the annual ‘Cold Homes Week’ which is scheduled for 1 – 5 February 2015 and receives significant press coverage)
  - webpages on London.gov.uk promoting and explaining the scheme with links to the London Boiler Cashback Scheme micro site which will hold the transaction pages
  - letter from Mayor to boroughs inviting their engagement
  - email marketing to and through industry bodies (e.g. Heating and Hot Water Industry Council), and associated London Rental Standard accreditation organisations
  - encouraging the Government to communicate the scheme on gov.uk
  - appropriate social media at launch and to communicate progress.

#### **Proposed next steps**

- 1.27 We plan to appoint EST to manage and administer the boiler scrappage scheme, including project management and monitoring.
- Officers acknowledge that section 4.1 of the GLA’s Contracts and Funding Code requires, where the expected value of a contract is between £10,000 and £150,000, the services required should be tendered or called off from an accessible framework. Section 5 provides however, that an exemption from this requirement may be approved where a service provider has had previous involvement in a specific current project or its continuation of existing work cannot be separated from the new project/work. In this instance, EST have been involved previously in putting in place IT and technical systems for and administering identical schemes for both the UK Government and Scottish Government which will be utilised for the GLA scheme.
- 1.28 Given the nature of the systems, expertise and experience held by EST as a consequence , coupled with the need to mobilise the scheme on or around 2 February 2016, the GLA considers therefore, that the award of contract to EST without further competition may be justified on the basis of its previous involvement in a specific current project and are, in practical terms, the only organisation likely to be able to confidently mobilise and deliver a boiler scrappage scheme within the timescale proposed. A Single Source Request is attached at **Appendix 5**.
- 1.29 Therefore, the approval of an exemption from the requirement to procure the services in question by conducting a tender exercise or called those services off from an accessible framework is sought.

- 1.30 Fraud prevention activity will be undertaken by both EST and Capita (which will undertake physical pre and post installation audit visits as part of the RE:NEW Programme). In addition to the proposed award of contract to EST, the variation of the GLA's current contract with Capita for services for the administration of the RE:NEW Support Team therefore, is proposed to accommodate such audit services.
- 1.31 Capita was contracted in 2014 by the GLA through the TfL's EPM Framework, to provide the services of the RE:NEW Support Team. The services required for the London Boiler Cashback Scheme are within the scope of their current RE:NEW administration services. A variation of the GLA's RE:NEW contract with Capita (for administration of the RE: NEW Support Team) would be necessary to undertake a programme of fraud prevention for the scheme, with a value of up to £50,000.
- 1.32 Before the scheme commences, the GLA would convene trade bodies, manufacturers (which directly communicate with suppliers/installers) and NGOs, to brief them on the scheme and gain their agreement to promote the scheme and generate complementary offers.
- 1.33 However, the GLA will not give preference to any particular manufacturer, supplier or installer. To avoid any distortion of the relevant market, the GLA will interact with eligible homeowners throughout the scheme to whom the benefit of the £400 cash back will accrue, albeit for efficiency of delivery and management of the scheme will be administered by EST.
- 1.34 Around the time of the launch, we would contact boroughs inviting their support and assistance, to ensure the scheme is directed at appropriate demographic groups.
- 1.35 To ensure robust management of the contractors - EST and Capita - throughout the process, an Internal Review Group will be established and will meet fortnightly. It will include senior representatives from Finance, Governance and the Services, Commissioning and Retrofit team in the Housing and Land Directorate. The Group will ensure robust management through the review of:
- scheme progress – notably voucher disbursement and payments
  - pre and post installation auditing
  - operational arrangements and issues (as necessary)
  - scheme timetable.
- 1.36 Given the priority to address carbon savings in the domestic sector, and short-term challenges with the RE:NEW strategy of targeting social landlords, it is proposed to move £2.6m from the Housing Zones budget to a boiler scrappage scheme for winter 2015/16. This will still leave an overall increased budget of £410m to support the original 20 Housing Zones (plus the additional £200m proposed elsewhere on this agenda).
- 1.37 Revenue funding of up to £200,000 will be come from the RE:FIT and the RE:NEW 2015/16 budgets. The RE:FIT funding was earmarked as contingency for the procurement of the new RE:FIT framework, but will not now be required for that purpose, and the RE:NEW funding is for programme activity (so will be used for its intended purpose).
- 1.38 The GLA will transfer to EST sufficient capital funds in tranches, to ensure they have a working float so they can issue payments when necessary. The team in Housing & Land will audit the sample of about dozen of successful applications, that have been awarded the cash payments, prior to releasing each tranche of funding, to extend the due diligence checks and safeguard against system mismanagement.

## **2. Objectives and expected outcomes**

- 2.1 The purpose of the London Boiler Scrappage Scheme is to rapidly boost domestic retrofit activity and the level of carbon savings in the capital, to help progress against Mayoral carbon reduction

targets for homes contributing to the achievement of the Mayor’s target to reduce carbon emissions by 60 per cent by 2025 and both RE:NEW programme KPIs and ELENA<sup>2</sup> targets. The scheme would, in addition, cut household fuel bills, have air quality benefits and would in many cases address fuel poverty and reduce cold-related ill health, as well as excess winter deaths, as set out below.

- 2.2 The scheme outlined above will drive significant savings in carbon, energy and financial savings across London by:
- a. **saving carbon.** Replacing 6,500 inefficient boilers should save in the region of **9,750tCO<sub>2</sub> per year**, increasing our total domestic CO<sub>2</sub> reduction from 32,000 tCO<sub>2</sub> to around 42,000tCO<sub>2</sub> (an increase of nearly a third).
  - b. **saving over £2.2m per year off Londoners’ fuel bills.** An individual household's energy bill will be **cut by around £340 a year**, (depending on the size of the property)
  - c. **improving air quality, reducing NOx emissions by 10 tonnes per year**
  - d. **a reduced risk of carbon monoxide poisoning**
  - e. **helping tackle fuel poverty and prevent excess winter deaths**
  - f. acting as a catalyst to **spur on additional energy efficiency improvements** to the home (e.g. heating controls and insulation)
  - g. **driving investment of £15m or more in new boilers/renewable heating systems** helping to sustain work for the low carbon and heating sectors across the capital.

### 3. Equality comments

- 3.1 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 this scheme in equal measure should their properties be selected, and there will be equality of access to participate in the delivery and benefit from the scheme, without discrimination.

### 4. Other considerations

- 4.1 The key risks and issues for delivery of these projects are set out in the table below:

<b>Risk</b>	<b>Likelihood (out of 5)</b>	<b>Impact (out of 5)</b>	<b>Rating</b>	<b>Mitigation</b>
Lack of take-up results in lower than expected savings	1	2	2	Avoid. GLA will ensure a comprehensive marketing and communications campaign for the boiler scrappage scheme. In addition, the GLA will convene the market and trade bodies ahead of the launch so they can also advertise the scheme.

<sup>2</sup> RE:NEW is co-funded by the Intelligent Energy Europe Programme of the European Union (ELENA)



Overprovision of the vouchers leads to overspend	1	2	2	Avoid. Though vouchers will be issued commensurate with the total budget (plus ~5 per cent), there is expected to be at least 10 per cent drop out (as is consistent with other similar grant programmes). Most applications for similar schemes which are recorded as rejected were done so at application stage and were duplicate applications for a particular installation address. This was particularly common at the beginning of a scheme where consumers are very keen to secure funding and therefore applied several times through different channels. Over commitment of vouchers will therefore be mitigated, and the overall programme funds will be brought back within budget.
Drop out due to not meeting eligibility criteria leads to underspend (and reduced number of installations and benefits)	2	2	4	Reduce. GLA will issue vouchers equal to the overall budget plus ~5 per cent (recognising that there will be some drop out).
Voucher system is misused and fraudulent claims are made	1	4	4	Avoid. GLA will expressly state that all boiler replacements made as part of the scheme need to be undertaken by a certified Gas safe engineer in accordance with the law. In addition, a programme of pre-installation and post-installation audits will be carried out (as set out above).

## 5. Financial comments

- 5.1 The report proposes for GLA to fund and implement a pan-London boiler scrappage scheme for winter 2015/16 to help progress Mayoral carbon reduction targets for homes.
- 5.2 The anticipated capital expenditure for the scheme is expected to be £2.6m, which is based on 6,500 successful applicants at a rebate of £400 per applicant. It is proposed that this will be funded from existing GLA capital budget.
- 5.3 It is estimated that revenue expenditure will not exceed £200,000 and it is proposed that the costs will be covered by RE:FIT contingency (£90,000) and RE:NEW (£110,000) budgets. All of the funding is expected to be spent in 2015/16 financial year. The proposed spend will be contained within the agreed budget terms and any overspend must be accompanied by a separate decision.
- 5.4 The scheme will be administered and managed by Energy Saving Trust (EST), who is warded £148k and Capita receiving £50k for managing a fraud prevention aspect of the contract, including audit visits to homes, as part of the RE:NEW programme.
- 5.5 EST will be paid in two instalments, one as soon as possible to cover set up and running costs, the second to be made when the project is complete. Capita, on the other hand, will be paid upon completion of visits.
- 5.6 EST will be allocated with £2.6m capital funding to distribute to successful applicants in 4 separate tranches of £500k and the final tranche of £600k. The team in Housing & Land will audit the sample of about dozen of successful applications, that have been awarded the cash payments, prior to

releasing each tranche of funding, to extend the due diligence checks and safeguard against system mismanagement.

- 5.7 The total budget of £2.8m which is being proposed for this scheme could have been used to fund other projects within the GLA.

## **6. Legal comments**

- 6.1 The foregoing sections of this report indicate that:

6.1.1 the decisions requested of the Mayor fall within the powers of the GLA, to do anything which maybe considered to be facilitative of or conducive or incidental to the exercise of its functions in a way which promote the improvement of the environment in Greater London; and

6.1.2 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 health of persons, health inequalities between persons and to contribute to the achievement of sustainable development in the United Kingdom; and
- (c) consult with appropriate bodies.

6.2 Section 4.1 of the GLA's Contracts and Funding Code ("Code") requires that a tender exercise be conducted for services with values of that proposed or that they be called off from an accessible framework. However, section 5 of the Code provides that exemptions from that requirement may be approved where previous involvement in a specific current project or continuation of existing work which cannot be separated from the new project/work. Officers have indicated, at section 1 of this report, that this is the case here. Therefore, if the Mayor is satisfied with the content of this report they may approve the exemption sought. If so approved officers must ensure that appropriate contract documentation is put in place between and executed by the GLA and EST before any commitment is made to the scheme or commencement of such services.

6.3 It is understood from officers that the GLA's current contract with Capita for RENEW Support Team administration enables variation of the services covered to enable the proposed Boiler Scrappage Scheme to be incorporated. Should the variation proposed be approved officers must ensure that the GLA's contract with Capita is varied in accordance with its terms and this is documented formally before any commitment is made to the scheme or commencement of such services.

6.4 Officers must also ensure that the proposed award of grant funding to end recipients of the Boiler Scrappage Scheme (here as part of the proposed voucher scheme to be administered by EST) is administered fairly, transparently, and in a manner which is considered to afford value for money and appropriate funding terms are incorporated before any commitment is made to the scheme or such funding.

6.5 To the extent that the proposed programme and expenditure period may extend beyond the current mayoral term officers must also observe the principle that an incumbent administration should not unreasonably fetter the discretion of any future administration, ensuring that its and all relevant documentation are structured so as to enable the GLA to terminate funding and supporting contractual arrangements at any point for convenience and milestones and payments should be structured so as to minimise the impact of the exercise of such termination rights.

## 7. Investment & Performance Board

- 7.1 This proposal was considered and approved by IPB on 18 January 2016. As agreed at IPB, to ensure robust management of the contractors - EST and Capita - throughout the process, an Internal Review Group will be established and will meet fortnightly. It will include senior representatives from Finance, Governance and the Services, Commissioning and Retrofit team in the Housing and Land Directorate. The Group will ensure robust management through the review of:
- scheme progress – notably voucher disbursement and payments
  - pre and post installation auditing
  - operational arrangements and issues (as necessary)
  - scheme timetable.
- 7.2 There have also been a number of small changes to the structure of the Scheme since papers were submitted to IPB (which have been updated in this paper):
- the Scheme will be eligible to boilers that are *70 per cent or below* efficient (rather than *below 70 per cent* efficient)
  - fraud prevention will be undertaken by both EST and Capita
  - we will not require applicants to upload a quotation when applying for a voucher. Instead we will ask for the accredited installers number (e.g. Gas Safe registration number) who has provided the quotation
  - webpages on London.gov.uk promoting and explaining the scheme will include links to the London Boiler Cashback Scheme micro site, which will hold the transaction pages (rather than the contractor's site)
  - eligible technologies for installation will also exclude all solid fuel boilers/burners including multi fuel systems (where solid fuel is a component) and micro Combined Heat and Power. However, A rated condensing oil boilers will be eligible.
  - that for private landlords to be eligible for the scheme, they or the agent that manages their property, need to be accredited with the Mayor's London Rental Standard
  - the timetable has been updated.

## 8. Planned delivery approach and next steps

Activity	Timeline
Convene and prepare the market and trade bodies	21 February 2016
Agree the contract with EST	Following receipt of Mayoral approval
Agree works scope and delivery timetable and mobilise core project team	22 January 2016
Develop website and marketing materials	29 January 2016
Develop T&Cs, vouchers and on-line administration system and back-end system to link with electronic payment of vouchers	29 January 2016
Announcement and launch of the scheme	1 – 5 February 2016
Scheme close (i.e. all vouchers committed)	end April 2016 (NB: indicative date)

**Appendices and supporting papers:**  
**Appendices:**

Appendix 1 The London Boiler Cashback Scheme – six step application and claim process

Appendix 2 Application and claim process flow chart

Appendix 3 DECC's boiler scrappage scheme

Appendix 4 Proposed eligible technologies

Appendix 5 Single Source Request

**Public access to information**  
Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval 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: the publication is being deferred until launch of the London Boiler Cashback Scheme on or around 2 February 2016

Until what date: 2 February 2016

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

**Is there a part 2 form – NO**

<b>ORIGINATING OFFICER DECLARATION:</b>	Drafting officer to confirm the following (✓)
<b>Drafting officer:</b> James Hardy has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.	✓
<b>Assistant Director/Head of Service:</b> Jamie Ratcliff has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.	✓
<b>Sponsoring Director:</b> David Lunts has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.	✓
<b>Mayoral Adviser:</b> Ric Blakeway has been consulted about the proposal and agrees the recommendations.	✓
<b>Advice:</b> The Finance and Legal teams have commented on this proposal.	✓

**EXECUTIVE DIRECTOR, RESOURCES:**  
I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature *M. D. Elle* Date 1.2.16

**CHIEF OF STAFF:**  
I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature *Edmund Hill* Date 1:2:2016

## Appendix 1

### The London Boiler Cashback Scheme – six step application and claim process

**Step 1: the homeowner checks whether their existing boiler is 70 per cent or below efficient (through an already established open-source website) and, if it is, secures a quote from a certified installer** before making an application for a voucher. The GLA would encourage – through marketing – prospective applicants to seek up to three quotes to ensure they are getting the best deal.

**Step 2: the homeowner applies for their London Boiler Cashback Scheme voucher either on-line or by phone** (via the website or call centre administered by the Energy Saving Trust (EST)) prior to carrying out any work, uploading personal information.

**Step 3: subject to rigorous checks** (by EST) that the application meets the eligibility criteria and required information have been provided (including the quotation), **a letter and rebate voucher is issued by email**. Terms and conditions on the voucher will state that it is a condition of the rebate being paid that:

- work on the installation has not commenced before the date on which the rebate voucher is issued
- the applicant is replacing a working 70 per cent or below efficient boiler
- the applicant is having an at least 90 per cent efficient boiler or a renewable heat microgeneration technology installed
- the installer is accredited.

**Step 4: on receipt of the voucher the applicant is then be free to proceed with their boiler replacement. Each applicant has 12 weeks** (from the voucher being issued) to have their old boiler replaced with a new one and return a completed voucher and required documentation. NB: each voucher would have an expiry date pertaining to the offer.

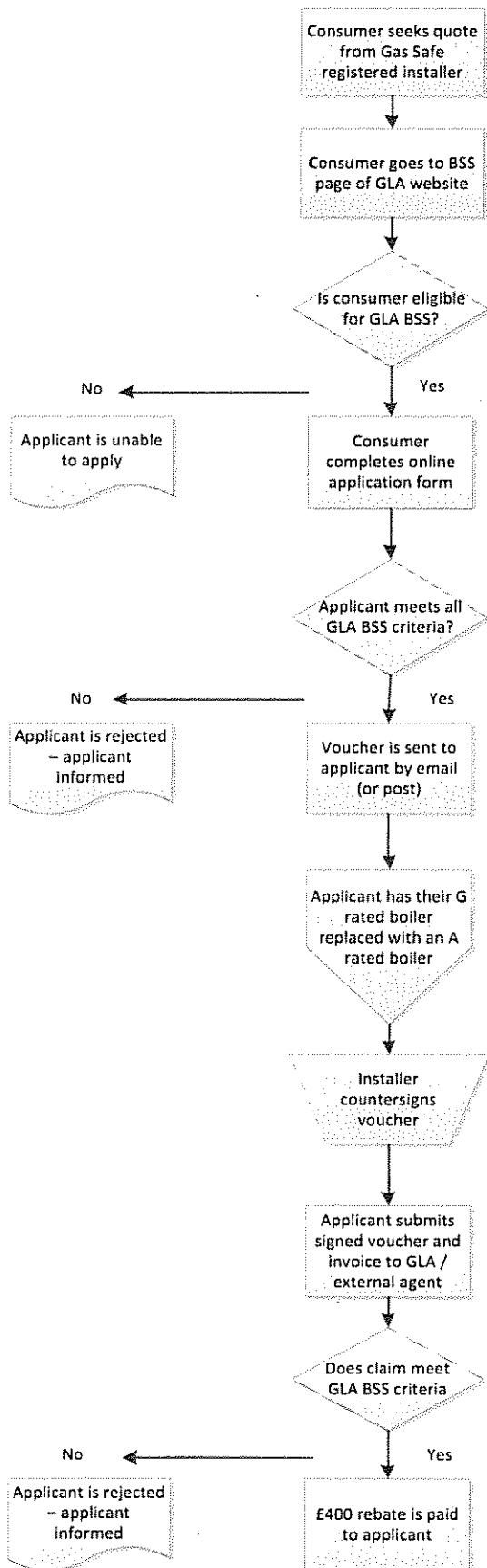
**Step 5: on completion of the installation, the applicant can then apply for their cashback by completing and submitting their voucher**. Before submitting the voucher, along with a copy of their installer's invoice, by post to EST each applicant will have to

- ensure that the following are correct/scheme compliant and stated on the claim form:
  - installation address
  - old boiler manufacturer
  - old boiler make/model
  - rebate value
  - voucher expiry date
- subject to the above being correct, have the voucher to be countersigned by a certified installer.

**Step 6: if the claim meets all criteria and requirements, and all required documents are submitted, then £400 rebate is paid.**

## Appendix 2

### The London Boiler Cashback Scheme – overview



## Appendix 3

### DECC's boiler scrappage scheme

The boiler scrappage scheme in England offered a voucher contributing £400 towards replacing old G-rated boilers with efficient A rated or equivalent boilers. The offer, combined with a high profile Prime Ministerial launch, was quickly picked up by the media, and awareness spread through word of mouth without the need for a marketing campaign. The scheme was launched on 5<sup>th</sup> January 2010 and closed to new applications on 26<sup>th</sup> March 2010. The administration of the scheme was completed by the end of March 2011.

The scheme, administered by the Energy Saving Trust, resulted in the replacement of over 118,000 old G-rated boilers with new efficient A-rated boilers (in England). **The scheme influenced many additional people to change their boiler, rather than being taken up only by those already replacing their boiler. The scheme took out of the system many very old boilers with half of respondents to the survey reporting that their old boiler was over 20 years old.**

The net energy saving impact of the scheme in England is estimated to be 240,000 tonnes CO<sub>2</sub> saved (bill savings per customer are estimated to be £290 per household in a year). However, a proportion (9 per cent) were not fully using their new heating controls installed along with the boiler.

The scheme was administered in the following stages:

- applicants firstly needed to get a quote from an installer for replacing their boiler;
- they then applied for a voucher (on-line or through the Energy Saving Trust Advice Centres);
- on installation, the installer validated the voucher; followed by
- a claiming stage where the voucher was exchanged for £400.

Based on an evaluation survey, the scheme secured excellent user satisfaction ratings (96 per cent). People found it simple and easy to apply. This is an excellent finding given that the scheme was set up at very short notice. The smooth running is in part due to the efficiency generated from the use of an on-line voucher application portal. The public could use this directly, but it also served as a tool for Energy Saving Trust advice staff who could apply on behalf of customers, if they chose to apply via telephone.

The range of costs paid for replacing boilers like-for-like varied greatly from £1,500 to £3,000 (i.e. ignoring those who paid for extra renovations or to move the boiler to another location). This suggests that many people could have recouped the equivalent cost of the voucher by comparing prices and selecting the cheapest quote. Indeed, the scheme would tend to discourage people from doing this, as only one early quote was needed to qualify for a voucher. The short period of voucher validity would also tend to encourage people to go with the first quote they secured.

The boiler scrappage scheme was extremely successful and demand far exceeded expectations both in terms of enquiries and applications.

On the day of launch, **hits on the Energy Saving Trust website during the month of January 2010 saw an increase of 158 per cent compared to January 2009.**

The volume of vouchers issued peaked at almost 13,000 in one day during January and the scheme had fully allocated all available vouchers as at 18<sup>th</sup> March 2010. The scheme was kept open to new applications beyond this date on agreement with DECC officials in order to ascertain whether further funding would be made available in the March 2010 Budget statement. However, no extension to the scheme was announced and the boiler scrappage scheme closed to new applications on 26<sup>th</sup> March 2010.



Since the scheme closed to new applications in March 2010, there has remained a large interest in it. Web statistics show that the boiler scrappage scheme page of the Energy Saving Trust website has continued to be one of the 5 most popular pages even a year after the scheme was closed.

Over the life of the scheme, 118,618 vouchers were paid to customers who had replaced their boiler. The table below shows a financial summary for the scheme.

	Number	Value (£)
Applications Received	145,666	£58,266,400
Applications Rejected	7,009	£2,803,600
Vouchers Issued <sup>3</sup>	138,657	£55,462,800
Vouchers Expired	16,443	£6,577,200
Vouchers Rejected	3,596	£1,438,400
<b>Vouchers Paid</b>	<b>118,618</b>	<b>£47,447,200</b>

In order to provide some assurance that funds under the boiler scrappage scheme were not being acquired fraudulently, a programme of pre-installation and post-installation audits was carried out.

During February 2010, a random sample of 122 applicants received visits to their properties prior to being issued a voucher. The inspections were carried out by Gastec at CRE Ltd under contract to the Energy Saving Trust. The purpose of these visits was to verify that the existing boiler at the property was G rated per the applicants self-certification through the application process. The findings of this set of visits are set out below.

	Number
Passed	113
Failed	7
Withdrawn	2
Audits Conducted	122
Pass rate	93%

In cases where the existing boiler was found to comply with the scheme rules, a voucher was then issued. However, where a failure to comply was identified, the customer's application was rejected. Two applicants withdrew their applications when they were contacted for an inspection.

**The small number of failures identified during these inspections provided comfort in the self-certification element of the scheme design.**

In order to verify the installation of eligible boilers once a replacement had been made, a larger sample of post installation audits was carried out. These audits were conducted following claim and payment of the £400 rebate to the customer by Gas Safe. As an added benefit to the applicant, a full gas safety check was also conducted during the visit. The results of these visits are set out in the table below.

	Number
Inspections Booked	2,071
Withdrawn	257
Passed	1,808
Failed	6
Audits Conducted	1,814
Pass rate	99.7%

<sup>3</sup> Includes funds reissued from vouchers that were rejected or expired prior to scheme closure

## Appendix 4

### Proposed eligible technologies

Eligible replacement technologies include:

- gas boilers (A rated - at least 90 per cent energy efficient SAP2005 rating as detailed on <http://www.ncm-pcdb.org.uk/sap/index.jsp>)
- condensing oil boilers (A rated - at least 90 per cent energy efficient)
- air source or ground source heat pumps
- solar thermal systems combined with an eligible boiler replacement
- boilers with a Passive Flue Heat Recovery Device (internal or external)

Note: Electric heaters, solid fuel and multi fuel boilers (where solid fuel is a component), biomass boilers, and micro-Combined Heat and Power, are not eligible. A gas boiler cannot be replaced with an oil boiler.

Installations must be undertaken by a Gas Safe (formally CORGI) registered installer, a Microgeneration Certification Scheme (MCS) certified installer or equivalent, or a member of the competent persons scheme.

**Appendix 5**  
**Single Source Request**

**Greater London Authority**

**Single Source Request**

<b>Subject</b>	<b>GLA Boiler Scrappage Scheme Delivery</b>	<b>Date: xx/01/2016</b>	
<b>Originating Department: Housing &amp; Land</b>		<b>Cost Centre No:</b>	
<b>Submitted By (Budget Holder): Housing &amp; Land, GLA</b>		<b>Prepared By:</b>	
<i>Signature</i>		<i>Signature</i>	
<i>Print</i>		<i>Print</i>	James Hardy
<b>The Budget Holder accepts that in submitting this single source request it may be subject to challenge as "anti competitive" by an external third party under the EC Treaty of Rome.</b>			

<b>Consultees/Procurement Comments</b>	
<i>Add details as appropriate e.g. Legal Specialist, Sponsor, other staff etc. Consultees may indicate agreement or dissent or make other comments if appropriate.</i>	
<b>Procurement signature (only if approved)</b>	
<i>Signature</i>	<b>Date</b>
<i>Print</i>	<i>Shopping Cart No.</i>
<i>Single Source Request Value</i>	<i>PO No.</i>

**1 PURPOSE OF GOODS / SERVICES**

Introduction

- 1.36 **This services being procured under this single source, will provide the design, administration and delivery of a pan-London boiler scrappage scheme this winter.** The scheme will commence on or around 2 February 2016.
- 1.37 The scheme will provide 6,500 owner occupiers and accredited private landlords each with £400 cash back on replacement of a working G-rated (70% or less efficient) boiler with a new A-rated (at least 90% efficient) boiler or renewable heating generation.
- 1.38 Its purpose is to rapidly boost domestic retrofit activity and the level of carbon savings in the capital, to help progress against Mayoral carbon reduction targets for homes. The scheme will be delivered as part of the Mayor's RE:NEW domestic retrofit programme.
- 1.39 The scheme will close once the money (£2.6m capital) is spent and successful applicants have up to 12 weeks after receiving their cash back voucher to have the work done and claim the money off the cost of installation.

- 1.40 It is expected that the scheme will result in estimated annual savings of 9,750 tonnes of carbon dioxide (tCO<sub>2</sub>) and a reduction in annual energy bills of around £340 per household (over £2.2m per year off Londoners' fuel bills in total), among other benefits such as reduced NO<sub>x</sub> emissions.
- 1.41 The GLA scheme will be similar in design and criteria to boiler scrappage schemes previously run by the Department of Energy and Climate Change (DECC) and Scottish Government (SG). The DECC Boiler Scrappage scheme issued in the region of 118,000 vouchers to the value of £48m – significantly larger than what the GLA is proposing. These schemes are now closed and at this point the Government has no plans for a further scheme.

#### Scope of services

1.42 Within project scope, key areas of focus should include, but not be limited to, the following:

- **scheme and systems design**, including agreeing:
  - overall scheme design and principles (i.e. what the scheme is trying to achieve)
  - eligibility criteria (e.g. replace G rated boilers with A+ rated boilers or renewable heating systems)
  - applicant terms and conditions of the scheme for use on a website, voucher and in wider marketing materials
  - all necessary technical, IT and audit development activities to administer the voucher-based scheme
  - voucher design and expiry dates – utilising designs and details from previous schemes administered by the Energy Saving Trust (EST), which can be amended to suit GLA requirements
  - financial commitment controls
  - reporting mechanisms for providing the GLA with snap-shot and regular updates on scheme-take, number of vouchers issued and payments made. In addition, a simple home energy check (which will be included as part of the voucher) will also be reported on.
- **checks before the scheme launch**, including:
  - a detailed technical review to ensure that all operating systems are up to date and in line with latest security requirements and update where necessary
  - the implementation of system changes to cater for GLA scheme revisions and requirements
  - a review of reporting requirements with GLA
  - the verification and amendment, as necessary, of the internal system checks to ensure they are working as intended to ensure the following:
    - cannot over commit for scheme
    - vouchers cannot be issued to same property
    - payments to same bank account cannot be made – including a system for checking of landlord eligibility
    - email alerts are operating (stages and timescales to be agreed by the GLA ahead of launch)
- **administration and management**, including:
  - hosting of the GLA boiler scrappage scheme through an external website
  - processing and receiving claims
  - automated reminders to applicants at set points, during the validity of the voucher, to encourage uptake and attempt to clarify intention to proceed

- follow up activity to unclaimed vouchers
- internal checks prior to “issuing” a voucher number, including (as a minimum):
  - installation address
  - old boiler manufacturer
  - old boiler make/model
- internal checks prior to making payment, including (as a minimum):
  - installation address
  - old boiler manufacturer
  - old boiler make/model
  - new boiler manufacturer
  - new boiler make/model
  - GasSafe or MCS certificate
  - signature of applicant and accredited installer
  - voucher expiry date
- voucher processing and payments (once documentation is verified, payment will be made via BACS. An option for payment by cheque should be given if BACS payment is not possible). The GLA will transfer to EST sufficient capital funds in tranches, to ensure they have a working float so they can issue payments to applicants who redeem vouchers, when necessary.
- providing a call centre open to applicants requiring telephone support (e.g. for applicants who are unable to access the internet)
- **project management** to ensure successful scheme management

1.43 The project will also utilise systems and processes previously developed for both the DECC and SG schemes which have proved to be cost effective, reliable and consumer friendly and implement changes to cater for GLA scheme requirements prior to launch. This will also ensure that much of the activity can be managed on-line to reduce the manual effort involved.

#### Assumptions

1.44 The key working assumptions include, but are not limited to, the following:

- the scheme will commence on or around 2 February (no later than 5 February 2016)
- budget will be allocated on first come, first served basis
- vouchers equal to the overall capital budget (£2.6m) plus ~5 per cent will be issued (recognising that there will be at least 5-10 per cent drop out)
- this scheme is able to match fund with other similar schemes, subject to GLA confirmation
- eligibility:
  - properties must be homes in London
  - applicants must be homeowners or accredited private landlords
  - boilers being replaced must be G-rated gas (below 70% efficient), oil, LPG or solid fuel (typically 15+ years old), in working order and the main boiler used to heat the home
  - eligibility of replacement boilers will be determined by SEDBUK database
- replacement and installation:

- replacement boilers must be A-rated energy efficient boiler or a renewable heating technology (applicable technologies to be agreed prior to launch)
- only installers accredited by GasSafe (formally CORGI), a member of the competent person's scheme (such as OFTEC or HETAS), and Microgeneration Certification Scheme (MCS) (or the appropriate accreditation body) can be used
- it will be the responsibility of the applicant to source quotes from accredited installers via an approved accreditation body (i.e. GasSafe, MCS)
- the scheme will rely on installer recommending an appropriate boiler (however, applicant will be able to check via the London Boiler Cashback Scheme website)
- work on the installation will not have commenced before the date on which the voucher is issued (to be stipulated in voucher Terms and Conditions)
- voucher and claims process:
  - if an applicant does not have internet access, an offline application completed over the phone
  - no evidence will be required of a working G-rated boiler from applicants other than the make and model
  - before proceeding with an installation, the applicant will be responsible for checking that the boiler being installed is in line with scheme rules
  - online applications will be completed on a self-declaration basis
  - successful applicants (i.e. those who receive a voucher) have up to 12 weeks after receiving their voucher to have the work done and claim the money off the cost of installation
  - to redeem the voucher, the applicant will need to return the voucher along with the GasSafe certificate or equivalent
  - as payment is made on receipt of GasSafe certificate or equivalent, no check will be made on whether installer has been paid by applicant
- marketing and communications:
  - all communications should drive applicants to apply on-line
  - proactive marketing of the scheme will be carried out by GLA
- scheme auditing (physical), marketing and evaluation are not within scope of these works being procured under this single source.

## 2 BACKGROUND

The Mayor's Climate Change Mitigation and Energy Strategy, published in 2011, sets a target to reduce London's CO<sub>2</sub> emissions by 60% on 1990 levels by 2025 and by 80% by 2050. Emissions from homes account for 36 per cent and the CCMES enshrines ambitious reduction targets from the domestic sector.

To support the achievement of these targets, **the Mayor announced his intention to launch a GLA Boiler Scrappage Scheme this winter at Budget and Performance Committee on 12 January 2016.**

Installing an efficient boiler can be a cost-effective way to cut household energy bills, CO<sub>2</sub> and NO<sub>x</sub> emissions. Domestic heating accounts for around three quarters of household energy consumption and boilers, in particular, for around 55 per cent of household energy spend each year. Gas boilers also account for approximately 12 per cent of London's NO<sub>x</sub> emissions. Replacing a G-rated boiler (which is below 70 per cent efficient) with an A-rated boiler (which is above 90 per cent efficient) can save over 1.5tCO<sub>2</sub> per year and around £340 a year off a household's fuel bills.

Replacing 6,500 G-rated boilers with highly efficient A-rated ones could save in the order of 9,750 tCO<sub>2</sub> per year and well around 10 tonnes of NO<sub>x</sub> per year. Since legislation was introduced in 2005 mandating the

installation of condensing gas boilers in all but special applications, installation rates have increased to over 200,000 in London every year. However, it is estimated that up to 212,000 homes could have G-rated boilers across the capital, the overwhelming majority of which are in the private sector – so there is clearly scope to achieve far more i.e. through the GLA boiler scrappage scheme.

A strong precedent already exists – boiler scrappage schemes in particular have been some of most successful Government energy efficiency interventions and have secured excellent consumer satisfaction ratings, assuring rapid carbon reduction and energy savings.

### 3 ALTERNATIVES

We have considered other procurement routes for the GLA boiler scrappage scheme project including:

- competitive tender: this option would not be deliverable within the timescale proposed (i.e. a scheme being delivered this winter for commencement on or around 2 February 2016). In addition, no organisations (to our knowledge), have existing systems in place to mobilise a scheme of this kind in the timescale proposed – to date all UK/Scottish boiler scrappage schemes have been administered by the EST.
- using a framework: this option would not be deliverable within the timescale proposed
- doing nothing: this is not an option, given the Mayor has already announced his intention to launch the scheme at Budget and Performance Committee.

### 4 IMPACT ON FUNDS

The total budget for the GLA Boiler Scrappage Scheme is £148,000.

### 5 RECOMMENDATIONS

Given the nature of the systems, expertise and experience required to deliver a boiler scrappage scheme – coupled with the need to mobilise the scheme on or around 2 February 2016 – the Energy Saving Trust should be procured to undertake this work.

This is because:

- **EST has significant experience in this area and has been involved in the management of grant schemes since 1993** (Section 5.4. GLA Contracts and Funding Code). The Energy Saving Trust has run and continues to run a number of schemes for government departments, including boiler scrappage schemes:
  - DECC Boiler Scrappage Scheme 2010 – 2011
  - Scottish Government Boiler Scrappage Scheme 2010 to 2013
  - DECC Low Carbon Building Programme 2008- 2010
  - DECC Renewable Heat Premium Payments Scheme 2011 - 2014
  - Scottish Government Loans Administration schemes 2009 – present
- **EST has existing IT systems specifically designed for delivering boiler scrappage schemes** which can be adapted quickly to suit GLA requirements. EST would endeavour to utilise much of the systems and processes developed for previous schemes run by the UK and Scottish governments (Section 5.4. GLA Contracts and Funding Code)
- given the above, the GLA considers **EST is the only organisation that could confidently mobilise and deliver a boiler scrappage scheme within the timescale proposed** (Section 5.4. GLA Contracts and Funding Code)

- of the organisations consulted, **EST can design, administer and deliver the scheme at significantly less cost** (on the basis they are already equipped with the necessary systems and expertise).

## **7. Disclaimer (for Budget Holder)**

I, the client, am fully aware of the requirements of the Transport for London Business Ethics policy.

I, and any other persons involved in the selection of this supplier, declare that I/we have no existing financial or other interests in the recommended supplier for this transaction and I/we am/are not aware that any close relative or friend has any such interests.

I, and any other persons involved in the selection of this supplier, declare that I/we have not received in the last 12 months any offer of gifts or hospitality from the recommended supplier for this transaction other than those I/we have already disclosed.

I understand that nothing I have signed seeks to circumvent the provisions of the Public Interest Disclosure Act 1998.