

## REQUEST FOR DIRECTOR DECISION – DD2657

### Title: London Retrofit Delivery Model Options Appraisal

#### Executive Summary:

There is a recognised need for a cross-London approach to retrofitting domestic properties to meet the Net Zero target. This should allow for significant scaling, efficiencies and coordination to help accelerate delivery and support supply chain development. An enhanced cross-London delivery model, with the involvement of all tiers of London government and key partner organisations, would also provide a strong platform from which to advocate for the devolution of significant funding to London.

The Mayor delegated, under cover of MD3132, the power to approve the award of funding of up to £950,000 for the Retrofit London programme to the Executive Director of Good Growth. Within this delegated authority this decision report requests expenditure of:

- £15,000 on the services (via London Councils) of EMPlace Associates to deliver an appraisal service through to procurement and of consultancy services for the development and assessment of options for an improved cross-London delivery framework
- up to £150,000 for the procurement, by competitive framework process, of a study from a consultancy service to identify and assess potential new retrofit delivery models, including making recommendations for how to progress these, in order to support the development of an improved cross-London delivery framework.

The total funding requested for approval is up to £165,000.

#### Decision:

That the Executive Director of Good Growth approves expenditure of:

1. £15,000 on the services (via London Councils) of EMPlace Associates to deliver an appraisal service through to procurement and appointment of a consultancy service and a related exemption from the requirement of the Contracts and Funding Code to compete this contract opportunity
2. up to £150,000 for the commissioning of the above-mentioned study, by competitive framework process, into retrofit delivery models, including recommendations for how to progress these.

#### AUTHORISING DIRECTOR

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

It has my approval.

**Name:** Philip Graham

**Position:** Executive Director of Good Growth

**Signature:**



**Date:**

09/10/2023

PP Niran Mothada on behalf of Philip Graham

## **PART I - NON-CONFIDENTIAL FACTS AND ADVICE**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The Mayor has a target for London to be net zero by 2030; meeting this ambition will require a significant scaling-up of retrofit. In order to achieve this, the GLA needs to understand what the current position is across the London system for retrofit and what actions are possible to scale up, accelerate and improve delivery, whilst considering their projected impact. The GLA as a strategic authority holds significant systems leadership potential to help identify and implement the most effective configurations or partnerships.
- 1.2. There has been significant research into achieving net zero in London's building stock, and there is significant commitment to this goal. Targets have been established and overall costs identified. Credible pathways have been proposed: the Mayor's Accelerated Pathway and the associated Home Retrofit Pathway Report; the Retrofit London Housing Action and Implementation Plan. Stakeholders have invested time and resources, designing and piloting nascent delivery models, including area-based approaches, a comfort charge-based funding proposal and projects based on the Energiesprong model. Wider workforce and supply chain-focused activity has also been initiated with centres of technical excellence and programmatic support for business as presented in the Mayor's Business Climate Challenge prospectus.
- 1.3. The Mayor delegated, under cover of MD3132, approval of funding of up to £950,000 for the Retrofit London programme to the Executive Director of Good Growth. As part of this, the GLA is working with London Councils and key borough partners on a cross-London delivery model that would successfully be configured to combine key organisations and social assets: pulling together existing activity and legacy resources, and coordinating and configuring subsequent activity as effectively as possible to attract and efficiently deploy any future funding and finance and accelerate delivery. The consultants will present their findings to the GLA and its partners, outlining a number of business cases for scrutiny, with the aim of selecting a preferred option to be taken forward to full specification, procurement, and initiation of delivery.
- 1.4. EMPlace Associates have been engaged by London Councils, following their own procurement process, to deliver an appraisal and coordination service, including stakeholder engagement, development and management of expressions of interest from participants through to procurement and appointment of a consultancy. Having significant relevant experience EMPlace Associates were determined by London Councils to be best placed to lead and develop this piece of work.
- 1.5. Officers acknowledge the need, under section 9 of the GLA's Contracts and Funding Code (Code) to compete such contracting opportunities. Section 10 of the Code however, allows for exemptions from this requirement to be approved where a supplier has had previous involvement in a specific current project, or the services concerned are a continuation of existing work that cannot be separated from the new project/work. Here, London Councils has extensive experience of working with the GLA on its net zero and related retrofit projects and so using EMPlace Associates is an ideal approach to provide the services optimally. It is unlikely that any other provider would be able to provide a more competitive tender. In addition, London Councils are meeting £15,000 of EMPlace Associates' costs which affords value for money.
- 1.6. Accordingly, approval of an exemption from the requirement of the Code to compete such contracting opportunities is sought.
- 1.7. The services required for the consultancy study for the development and assessment of options for an improved cross-London delivery framework will be sought by way of competitive exercise in liaison with TfL Procurement.

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

- 2.1. The GLA, in partnership with London Councils, is seeking consultancy support to build consensus around scalable models to address the challenge of scaling up, accelerating and improving cross-London delivery of domestic retrofit. London Councils is funded by London boroughs and the Chair of London Councils, Cllr Georgia Gould, is also Co-Chair of the London Partnership Board alongside the Mayor. The London Partnership Board is the forum where the Retrofit London programme was conceived. Such support will be procured in accordance with the GLA's Contracts and Funding Code.
- 2.2. Through structured engagement, the work will identify potential delivery model configurations for detailed testing through an options evaluation. This is not a primary research task. The types of technical retrofit activities and enabling financial and regulatory instruments necessary to achieve an interim target are already known, although this assumption will need testing for the private rented sector and commercial buildings sector during the baselining phase. A variety of delivery approaches to address this problem are already in discussion and/or development. Consideration will be given to whether the delivery model can be configured to combine a number of these and test different approaches against strategic and operational priorities and agreed design criteria to develop an ideal model.
- 2.3 There are three key outputs:
  - a strategic operational model capable of satisfying the methodological questions, together with a detailed business case for review and scrutiny. This will form the basis of fundable propositions for investors and for investment by the supply chain. It will be an exemplar by design, based upon learning from evolving good practice within and outside London and stakeholder insights
  - a tested and scrutinised consensus regarding the specification of potential activities (service components) from within existing retrofit action plans that could be delivered by a delivery model or models, tested in accordance with the Five Case Model and taken to Outline Business Case to enable credible engagement between London and central government
  - a 'manifesto for retrofit action,' similar to the London Economic Recovery Framework. This will be a concise public-facing document articulating a narrative describing what a retrofitted London would look like and how this will be achieved. It will set out in logical tranches the activities to be undertaken, and the roles and responsibilities of public bodies and the private sector. It will define the recommended activities and the new or existing entities that will undertake these. The document will be presented to the London Partnership Board for approval.

## **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:
  - eliminate unlawful discrimination, harassment and victimisation
  - advance equality of opportunity between people who share a relevant protected characteristic and those who do not
  - foster good relations between people who share a relevant protected characteristic and those who do.
- 3.2. Protected characteristics under section 4 of the Equality Act are age, disability, gender reassignment, 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.

- 3.3. Compliance may involve 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.
- 3.4. Those with protected characteristics more likely to be impacted by energy inefficient homes are older people, those with disabilities or long term conditions and members of BAME communities. Improving energy efficiency will lessen fuel poverty and its health and wellbeing impacts on such groups.
- 3.5. The GLA will take appropriate steps to identify and mitigate potential negative impacts on those with protected characteristics in relation to the development and design of the strategic operational model for retrofit and consider elements that can be included to improve equality, diversity and inclusion (EDI) in the sector. Compliance with the Mayor’s EDI strategy will be ensured, and the model will be developed and tested in line with GLA guidance on EDI.
- 3.6. Those with protected characteristics will gain from the positive benefits of this scheme in equal measure, should they be eligible. There will be equality of access to participate in the training and benefit from the scheme, without discrimination.

#### 4. Other considerations

- 4.1 The key risks and issues associated with these proposals are:

Themes	Risk	Rating	Mitigation
Delivery and stakeholder	Diary availability and capacity of key individuals to engage within the timescales		Invite issued by senior London Councils figures to secure traction Work with client to find alternative contacts and offer to speak outside office hours in event of lack of availability
	Market testing indicates that no single consultancy is strong in all the areas of expertise required		Review composition of delivery systems group, and consider establishment of wider group of expert advisors to provide challenge and advice if needed, subject to outcome of procurement process
	Seniority of Delivery Systems Group means that not able to meet frequently enough to provide regular steer and sign off particularly around procurement		Review composition of Project Team to enable more iterative working. Identify a smaller group of delegated representatives to join Project team Consider obtaining feedback on draft reports by correspondence
Technical	Delivery model assessment and workshops requires detail technical understanding of pathways and intervention		Agree at inception options to call off existing contracts or relationships to provide technical advice as part of the detailed sector review of potential delivery models against the barriers in their sector and existing capacity

	Availability of correct personnel		
	Asymmetric levels of detail about key enabling actions and potential delivery models across different tenures and asset classes		Use initial discovery interviews to scope out potential priorities and capacity gaps and identify sector specific approach

#### Links to Mayoral strategies and priorities

- 4.2 This proposal will support the delivery of the following policy proposals from the London Environment Strategy:
- 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
  - Proposal 10.1.1.e: The Mayor will work with stakeholders from across the financial and environmental sectors to develop financing mechanisms
  - 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
  - Proposal 6.1.1b: Pilot innovative methods to implement the stronger energy-efficiency retrofitting needed
  - Proposal 6.1.1a: Contribute to helping Londoners improve the energy-efficiency of their homes, where appropriate, by providing technical assistance, support, and funding.
- 4.3 In addition, relevant elements of the Fuel Poverty Action Plan include actions to:
- earmark over £10m over the next four years for new energy-efficiency delivery programmes
  - call on government to devolve Energy Company Obligation funds to the Mayor to disburse including through his Energy for Londoners energy-efficiency programmes.
- 4.4 The proposals will also support the objective from the Health Inequalities Strategy to work with partners to tackle food poverty and fuel poverty and their impacts on vulnerable Londoners.
- 4.5 The proposals are aligned with the objectives of two of the post-Covid recovery missions set by the London Recovery Board:
- A Robust Safety Net – the pandemic has impacted on Londoners’ incomes and household bills and support from the Warmer Homes programmes will help to relieve hardship
  - A Green New Deal – Londoners living in fuel poverty are more likely to experience cold, damp homes; the Warmer Homes programmes support them to use energy more efficiently and access funding for heating and insulation improvements. The programme will also help create new green jobs and skills for Londoners.

#### Conflicts of Interest

- 4.6 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 requested for:

- expenditure of £15,000 (constituting match funding with London Councils) for EMPlace Associates to deliver an appraisal service through to procurement and appointment of a consultancy service
  - expenditure of up to £150,000 for the commissioning of the above-mentioned study, by competitive framework process, into retrofit delivery models and recommendations into ways to progress these.
- 5.2. This expenditure will be funded from the Retrofit London programme budget within the Environment Unit's approved budget for 2023-24 financial year. MD3132 delegated approval of funding up to £950,000 for the Retrofit London programme to the Executive Director of Good Growth and this expenditure forms part of that.
- 5.3. All expenditure will be incurred by 31 March 2024 and all relevant budget adjustments will be made.

## **6. Legal comments**

- 6.1 The foregoing sections of this report indicate that: the decisions requested of the Director (in accordance with the GLA's Contracts and Funding Code concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people
  - consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom
  - consult with appropriate bodies.
- 6.2 In taking the decisions requested, the Director must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity 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 and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Assistant Director should have particular regard to section 3 (above) of this report.
- 6.3 Section 9.1 of the Contracts and Funding Code (the 'Code') requires the GLA to call-off services by way of competition. The Director may however, approve an exemption from this requirement under section 10 of the Code upon certain specified grounds. One of those grounds is that a contract may let without competition where a supplier has had previous involvement in a specific current project or the services concerned are a continuation of existing work that cannot be separated from the new project/work. Officers have indicated in the main body of this report that this ground applies and that the proposed contracts affords value for money. On this basis the Director may approve the proposed exemption if satisfied with the content of this report.
- 6.4 Officers must ensure that;
- the remainder of the services required are procured by TfL Procurement in accordance with the Code and all applicable procurement law; and
  - contracts are entered into and executed by the GLA, London Councils and the successful bidder for the study services before the commencement of such services.

## 7. Planned delivery approach and next steps

Activity	Timeline
Procurement of contract [for externally delivered projects]	October 2023
Delivery Start Date [for project proposals]	October 2023
Delivery End Date [for project proposals]	March 2024

### 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? NO**

### 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:

Paul Youngman has drafted this report in accordance with GLA procedures and confirms the following:

✓

#### Assistant Director/Head of Service:

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

✓

#### Financial and Legal advice:

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

✓

#### Corporate Investment Board

A summary of this decision was reviewed by the Corporate Investment Board on 9 October 2023.

✓

### INTERIM CHIEF FINANCE OFFICER:

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

**Signature:**



**Date:**

09/10/2023