

## **GLA response to AECOM evaluation of Solar Together London**

### **Background to the programme**

Solar Together London is a group-buying programme for solar PV, supported by the Mayor of London since 2017.

The programme was introduced to support the Mayor's objective to increase the take-up of solar in London. It also responded to a commitment in the Mayor's Solar Action Plan to "help Londoners to retrofit solar energy technologies on their homes and workplaces through Mayoral programmes and funding".

The GLA appointed a delivery partner, iChoosr, who was responsible for appointing and managing installers, and supporting customers from survey to installation. iChoosr provided marketing materials for the GLA and boroughs to publicise the scheme.

The programme grew over its five phases, with an increase in the number of boroughs that could get involved. In phases 1 to 3, 979 installations took place. Phase 4 was launched in March 2021 to help support a green recovery from Covid-19 and was the first scheme to go pan-London.

Phases 4 and 5 had significant challenges, partly due to supply chain issues arising from Covid-19. Specific to those phases was the failure of Green Energy Together (GET UK), the only installer selected by iChoosr for phase 4 and one of three selected for phase 5, following a bidding and screening process. In late 2022, poor customer service by GET led to a rising level of complaints.

### **GET's failure - GLA action**

To support customers, the GLA stepped in significantly beyond its contractual role, pushing for improvements in iChoosr's processes and GET's performance. Despite this, GET's performance worsened. In March 2023, the industry bodies responsible for ensuring installers meet standards both withdrew their accreditations (the Micro-Certification Scheme, MCS, and the Home Insulation & Energy Systems Quality Assured Contractors Scheme, HIES). GET subsequently went into administration.

The Mayor made clear that all customers affected would be supported. All customers were contacted, repeatedly, with information about the situation and their options. At the GLA's request, iChoosr's other installers extended their phase 5 offers to former GET customers. 150 customers took this up and had installations completed. Customers wanting refunds were helped to obtain these through their finance provider where possible. The GLA also ensured iChoosr set up a Voluntary Refund Scheme to compensate customers whose finance providers would not help.

The GLA, iChoosr and MCS worked at pace to establish an 'adoption process', so customers with partially completed installations could have the work completed by another installer and get MCS accreditation. The Mayor made funding available to support customers with partial installations, as they had no other route to get their installation completed (Mayoral Decision 3151). All customers have been supported to get their cases resolved.

### **Independent reviews of the scheme**

In line with standard programme management, the GLA procured an independent assessment of the STL scheme. The aims of the evaluation were to provide:

- A comprehensive process and impact evaluation of Solar Together which assesses performance against the aims and objectives of the programme.
- Programme impacts
- An outline of any changes which are identified as needed in the policy and regulatory contexts to address issues which have arisen

AECOM were appointed to conduct the study, following an open procurement.

Separately, industry body MCS conducted a lessons learned review of issues related to GET UK, to improve their own processes. The GLA welcomed this and contributed as an interviewee. Whilst MCS are not intending to publish the report, they have shared the report with the GLA and some findings are quoted here.

The GLA has also supported a Trading Standards investigation of GET, which focused on consumer issues, including GET's failure to deliver materials to customers, and not protecting deposits in line with requirements. The GLA understands that Trading Standards have referred other concerns to the Insolvency Service, which can act if a crime has been committed. The GLA encourages the Insolvency Service to conduct a full investigation.

### **Response to AECOM's evaluation**

The GLA welcomes findings within the report that:

- The programme has supported installation of solar panels in over 3,200 homes, representing one in five installations in London in this period.
- The programme has supported households to achieve 20-30 per cent reductions on the cost of solar technology through its group-buying scheme.
- The 7,600 kilowatt peak of renewable energy installed are expected to save an estimated 10,200 tCO<sub>2</sub>e across the expected lifetime of the equipment
- The GLA and iChoosr worked to improve performance from phase to phase. In particular, they supported customers as GET UK deteriorated and failed. This included the GLA changing processes to ensure more detailed management of the situation – significantly beyond the responsibilities originally envisaged under the Concession Agreement.
- iChoosr have made significant changes to their operations in response to the issues that have arisen with GET.
- Piloting the project on a small scale and then increasing the scope was *'a positive strategy aligned with best practices advised under the Green Book. This approach enabled the team to mitigate risks and learn lessons to apply to future phases of the STL programme'*.
- The *'utilisation of the auction model seems proportional and suitable. The auction approach was able to drive the agreed cost of the measures down from the indicative price and offer savings to the homeowners enrolled in the scheme,'* while research identifies cost as the main barrier to take-up of solar.
- The arrangements in place between the GLA and boroughs were clear and detailed and the GLA's funding provided benefits for boroughs and residents.
- Acknowledge phases 4 and 5 of the programme were affected by Covid-19, which caused interruptions in the supply of materials and labour.
- MCS should increase the frequency of assessment of existing members.
- HIES should work to increase the robustness of their minimum standards to be at least in line with the minimum standards of RECC.
- HIES should undertake a thorough review of their membership process to reduce the risk of similar issues arising in future as with GET UK.

The GLA accepts that:

- Governance processes can be improved. Whilst the report recognises that governance and procurement processes in place at the time were followed, it has identified some areas where improvements could be made. As of summer 2024, changes are being made to processes which are intended to improve scrutiny and governance for all work areas, not just solar. Mayoral Decision 3274 (Updates to GLA Governance Documents) establishes new portfolio and governance arrangements, to improve the GLA's delivery and monitoring of the key outcomes for London and increase accountability for programmes.
- The Concession Agreement could have had more levers to improve performance. The GLA experienced challenges due to being one contractual relationship removed from the installer and two contracts removed from customers. The report does not make specific recommendations on this issue but any future energy programmes would give the GLA more access to information through the chain of contracts, and include clearer KPIs to hold its delivery partner to account.
- iChoosr's performance could have been improved in some aspects of delivering the programme. As the organisation responsible for the design of the scheme – including the criteria required of installers, as well as the appointment and management of installers - it was responsible for selecting GET UK. (The wider report also reflects the significant amount of changes that iChoosr made to its selection and management of installers and the GLA would also want to recognise this work).
- There are other routes to support Londoners to take up solar. In his manifesto, the Mayor set out a new Net Zero Schools pledge, to test an approach with partners to fund heat pumps, install solar panels and retrofit school buildings to make them more energy efficient. Officers are working to take forward this manifesto commitment.

The GLA notes that:

- There is uncertainty as to whether the customer journey contributed to drop-off rates along the process. Given the same process is applied throughout iChoosr's Solar Together schemes it is unclear whether this was a significant factor in London.
- The AECOM report goes into less detail on supply chain issues than the MCS report (see below) and thus says relatively little about the wider regulatory or contextual issues such as the Covid-19 pandemic affecting the industry, which also impacted the STL programme.
- There are potential warranty claims or complaints in the future if products either fail or do not perform as advertised. The GLA shares the concerns MCS raised in their consultation about changes to their scheme accreditation about the quality of support available through Insurance Backed Guarantees (IBGs) and warranties. The GLA has worked with iChoosr to support customers who discovered that protections they thought they had in place through the consumer code – in this case HIES – were not providing the support they had anticipated. The changes MCS are proposing to make to their scheme rules would see IBGs and warranty requirements removed but it is currently unclear what would replace this. The GLA has raised concerns about this proposed change with MCS in both its response to their consultation and also in one-to-one discussions with MCS. The GLA recognises there are issues with the current situation but has called for a more robust replacement to be made rather than simply removing this safety net.

## **Response to MCS report**

The MCS report identified a number of issues in relation to GET and their business structures. Of particular concern are:

- A large number of inter-company transactions. Whilst we recognise this can be common, the report notes that this can also be a potential risk as they can mask the true financial position of a company within the group. They found a significant increase in inter-company transactions within the group and that GET's balance sheet showed a significant increase in their trade creditors balance between 2019-2022. They also identified signs of poor cashflow management and a constant depletion of cash reserves from 2019-2022
- Their report also identified a complex wider structure of organisations and a risk arising from a small number of people having a concentration of power, without sufficient checks and balances. In particular, they identified two people who had control and/or directorships in all of the companies in the family of businesses. One of whom had a number of appointments and terminations of directorship of GET in a short space of time between 2020 and 2022.

MCS identified further areas of concern for the sector including:

- Failures of communication between industry bodies which could have led to a quicker identification of issues and action being taken to improve performance by GET or remove their accreditations. This could have led to improvements in performance by GET which might have seen it still trading, or significantly reduced the number of people affected by GET's poor performance and subsequent failure
- Concerns about the due diligence checks industry bodies undertook on GET. Given these industry bodies set the standards it is incumbent upon them to ensure they are of the highest standard. This is necessary to support the take-up of solar and ensure consumer confidence. It would also provide a stronger base from which to measure, monitor and improve poor performance to prevent similar issues arising in future
- Slow response times by industry bodies to identify issues and take corrective action. The MCS timeline shows the GLA was escalating issues to iChoosr about GET in November 2021, long before industry bodies were taking action. Had industry bodies acted as quickly as the GLA to try and address GET's poor performance, the situation for customers could have been significantly improved. This is particularly the case given they were much better placed than the GLA to make GET implement improvements or face consequences, such as removing their accreditation
- The complex nature of GET's business structure and the wider structure of companies made it difficult for industry bodies to track performance. This also made them less able to take action when the deterioration in GET's financial position and performance with customers became apparent. This made it hard for any organisation with direct responsibility for ensuring GET's performance met best practice standards to effectively perform their role.

## **Response to other findings**

The GLA has also seen evidence which suggests financial controls between different parts of GET's wider group of businesses was not as robust as should be expected. Evidence shows some customers in STL paid an organisation in the wider group of businesses GET was part of, despite their contract being with GET. The GLA has also seen communications to a customer in relation to works under a contract with GET, from a Solarplicity e-mail address. Solarplicity is part of the wider group of businesses GET was part of and is still trading.

In light of these issues, and those identified by MCS and Trading Standards, the GLA has considerable concerns about the trading arrangements of GET, and the Directors involved, in the months and years leading up to their insolvency. The GLA has raised these concerns

with the Insolvency Service and is pushing them to fully investigate in line with their responsibilities.

## **Conclusions**

The GLA is committed to learning lessons from this programme, both the successes which have seen thousands of Londoners supported to install solar, as well as the issues which led to some customers receiving an unacceptably poor service.

Taken together, the AECOM and MCS reports provide lessons for the sector as a whole, as well as for the GLA. The GLA is already taking steps to address those lessons learned and calls upon MCS, HIES and other industry bodies, as well as the Insolvency Service, to do likewise.