

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2012

Title: RE:NEW Phase III evaluation

Executive summary:

RE:NEW is a programme to help make the capital's homes more energy efficient.

This current (third) phase of RE:NEW has been operating since August 2014 and will run until July 2017, it provides a Support Team offering comprehensive and flexible technical assistance, primarily to social landlords, plus a framework of suppliers.

This paper approves budget for an external evaluation to assess both RE:NEW's performance against its aims and objectives and the appropriateness of the approach, given the changes to the policy and delivery landscape since the programme was conceived. The evaluation will also provide recommendations for delivery approaches for supporting home retrofit after the current phase of the programme comes to an end.

Decision:

That the Assistant Director - Programme, Policy & Services approves:

1. expenditure of up to £50,000 from the RE:NEW 2016/17 budget to procure competitively commission an external evaluation of the third phase of the RE:NEW programme, including the RE:NEW private rented sector pilot
2. within the above, reallocation of £15,000 from the £20,000 private rented sector pilot evaluation budget, (approved through MD 1408), to the RE:NEW phase three evaluation.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

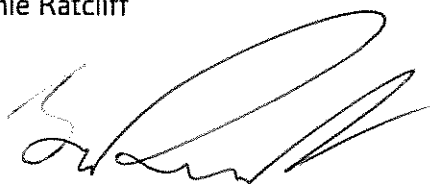
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Jamie Ratcliff

Position: Assistant Director, Programme Policy and Services

Signature:



Date: 19/7/16

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 Emissions from buildings account for over 80 per cent of London's emissions, with 36 per cent of these coming from homes. Linked to this is also a high level of fuel poverty across the capital – with around 14 per cent of households classified as fuel poor.
- 1.2 The RE:NEW programme, which is now in its third phase of delivery, approved through MD1289) is funded jointly by the GLA and the European Investment Bank (EIB) (£2,513,700 from the EIB ELENA facility and a £279,300 from the GLA – a total of £2,793,000). A RE:NEW Support Team, commissioned by the GLA, is contracted to run from August 2014 until 31 July 2017. It is providing support to social housing providers, boroughs and universities not only to generate and deliver new retrofit projects that would not otherwise happen but also to make planned projects bigger, better and more swiftly delivered. RE:NEW also has a bespoke framework of suppliers, enabling projects to be procured quickly, simply and efficiently.
- 1.3 The two previous phases of RE:NEW provided capital and revenue funding for area-based retrofit programmes. However, this phase marked a change in the programme's approach, in order to increase the scale of home retrofit in the capital and with the aim of attracting substantial external capital investment for projects and maximising London's share of government subsidy. This approach is based both on lessons learned from the previous phases of the programme and on the model developed by RE:FIT, the Mayor's public buildings retrofit programme.
- 1.4 The aim of the Support Team is to:
- address the lack of technical expertise and capacity within many boroughs and housing associations, for example in relation to the potential for retrofit within their stock, the most appropriate low carbon solutions, funding sources and how to access them, how to integrate low carbon retrofit with general stock investment programmes and maintenance activities, and the production of data and information
 - to streamline the procurement and delivery of domestic retrofit.
- 1.5 The approach has evolved somewhat since this phase of RE:NEW began, particularly due to increasingly challenging and unforeseen market conditions but also in light of the decreased resourcing within many social housing providers and boroughs.
- 1.6 This phase of the programme has signed up 88 organisations and has enabled over £73m of retrofit projects to enter into contract, covering 15,300 homes, with annual savings of 15,500 tonnes of CO₂, 53,000 MWh and over £3m in Londoners' fuel bills. It has assisted at least 2,500¹ households in fuel poverty. It also met the investment leverage target of £50.2m set by the EIB 16 months ahead of the target date, and on this measure is the highest performing technical assistance programme run by the GLA to date (the recently completed phases of both the RE:FIT and the decentralised energy programme required the full three years to meet their EIB targets).
- 1.7 However, the programme is faring less well in relation to the targets set under the previous administration. These were challenging from the outset and have become increasingly difficult in the face of extensive government energy and housing policy changes. These include significant reductions in Energy Company Obligation funding and solar PV feed in tariffs, and the cessation of the Green Deal and associate funding schemes, as well as the one per cent rent reduction for social housing providers, the extension of the Right to Buy and the proposed forced sale of higher value council homes.

¹ Information on the level of fuel poverty among tenants benefiting from RE:NEW programmes is not available. The figure of 2,500 has been derived applying the DECC figure for the average rate of fuel poverty in London by tenure to the number of homes supported for retrofit by RE:NEW. However, since retrofit was required in those homes assisted through RE:NEW, this is likely to be a significant underestimate.

- 1.8 As an adjunct to the main RE:NEW programme, the GLA ran a small pilot in 2015/16 aimed at promoting energy efficiency retrofit in the private rented sector (approved through MD1408). The pilot had two components. The first involved grant-funding energy efficiency measures in around 50 privately rented homes and then producing video and other testimonials from the landlords of these homes, to use as marketing material to promote retrofit to other private landlords. The second involved incentivising lettings agents to encourage landlords to undertake energy efficiency measures.
- 1.9 Given the changes in the policy and delivery landscape, and as the current phase is coming to an end in a year's time, it is proposed that a full independent evaluation of RE:NEW (including the private rented sector pilot) is undertaken as soon as possible. This will give the time and information needed to plan for a potential successor programme that will best meet the Mayor's ambitions.
- 1.10 The evaluation is likely to cost up to £50,000 and could be funded from the RE:NEW programme 2016/17 budget. Of this, a maximum of £5,000 will be used to evaluate the RE:NEW private rented sector pilot. Up to £20,000 of funding for the evaluation of the pilot has already been approved (through MD1408).

2 Objectives and expected outcomes

2.1 The objectives of the evaluation are:

1. to assess both performance against the programme's aims and objectives and the appropriateness of the approach given the changes to the policy and delivery landscape since the programme was conceived
2. to provide recommendations for delivery approaches for supporting home retrofit after the current phase of the programme comes to an end.

2.2 The evaluation will include consideration of:

- London's **housing and energy market conditions** throughout the duration of the programme and their impact on home retrofit and the RE:NEW programme, including an assessment of the original market failures the programme was designed to fill, and the extent to which these persist or have become more important
- the **performance of this phase of RE:NEW against its aims and objectives and socio-economic impacts** (environmental, housing, health, fuel poverty and economic)
- the **RE:NEW Support Team's core technical assistance**, to understand whether its core services were appropriate when initially set up, the extent to which they have adapted to changing market conditions, and the effectiveness of the support received by organisations
- the **other activities of the Team**, including the RE:NEW Innovation Unit, enabling projects, and marketing and communications
- the **quantitative economic**, including whether this phase of the programme has achieved value for money
- the **added value realised by the GLA** overseeing the project as a whole, including its role in shaping and responding to central government policy and other wider benefits
- **RE:NEW's offer in relation to private sector homes**, including the RE:NEW PRS pilot
- **similar technical support offered by the private sector** (on a paid for basis) and the take up of this among London social landlords
- **advantages or disadvantages of the approach to those with protected characteristics**, as defined by the Equalities act
- **joint working with other relevant Mayoral programmes.**

- 2.3 The recommendations for supporting home retrofit after the current phase of the programme comes to an end will depend of the outcome of the assessment and analysis, but may include:
- a high level strategy including aims and objectives
 - a proposed delivery structure, including a core delivery approach (technical assistance or an alternative)
 - details of how an expert team could support the new initiatives that will come under the umbrella of Energy for Londoners, and outline of any supporting initiatives or alternative approaches.
- 2.4 The recommendations should take into account current and anticipated market conditions, including:
- the establishment of the Mayor's Energy for Londoners initiative
 - the policy and finance framework for energy efficiency and domestic microgeneration
 - technology (e.g. solar PV, battery storage, load balancing, smart meter roll out)
 - innovation, including through the net zero approach, Energiesprong
 - Mayoral, national and international carbon reduction targets, including those specifically relating to homes.

3 Equality comments

- 3.1 The GLA has taken appropriate steps to ensure that there are no potential negative impacts expected on those with protected characteristics. Those with protected characteristics will gain from the positive benefits of the RE:NEW programme in equal measure, and there will be equality of access to participate in the delivery and benefit from the Portal, without discrimination.

4. Other considerations

Key risks and issues

The key risks and issues for delivery of this work are set out in the table below:

Risk #	Risk description and impact	Inherent risk assessment			Control measures / Actions
		Prob.	Impact	Overall	
1	Further central government policy change could invalidate findings and outline business case approach.	2	4	8	Monitor. GLA officers will engage with central government to keep abreast of any developments. Avoid. Confirm work programme is achievable with GLA teams and through the procurement process. Avoid. GLA officers and the RE:NEW Support Team will ensure access to data and information about the RE:NEW programme. A robust procurement process will ensure the appointment of a contractor with an excellent knowledge of wider data.
2	Ambitious timescales could result in reduced quality of outputs and under delivery against planned timeframes.	2	3	6	
3	A lack of data and information could result in the contractor not being able to analyse and evaluate the programme fully.	1	2	2	

Links to Mayoral strategies and priorities

- 4.1 The RE:NEW programme is helping London to become a world leader in improving the environment through identifying and investing in projects that reduce greenhouse gas emissions, reducing resource consumption and developing new green skills and services.

Impact assessments and consultations

- 4.2 The full business case and associated modelling for the current phase of RE:NEW was reviewed by the Housing Investment Group on 23 May 2013. Consultation with local authorities and housing associations took place as part of the development of the business case.
- 4.3 The RE:NEW programme team have engaged with GLA economics on the aims, objectives and approach for this evaluation.
- 4.4 The outputs of the evaluation will be reviewed by the RE:NEW Sponsors Board, formed of key representatives from London's local authorities and registered providers of social housing, and which has been set up to advise on the strategic direction of RE:NEW and provide strategic challenge on the programme.

5. Financial comments

- 5.1 This decision requests a revenue expenditure of up-to £50,000 to commission an external evaluation of the third phase of the RE:NEW programme, including the RE:NEW private rented sector pilot.
- 5.2 Requested expenditure of £50,000 (£20,000 approved through MD1408 for private rented sector pilot scheme + £30,000 current ADD) is available from the Housing & Land Home Retrofitting budget and expected to be fully expended in 2016/17 financial year. The decision requests an allocation of £5,000 to the pilot scheme and £45,000 towards evaluation of the third phase of the RE:NEW programme.
- 5.3 In the case that the budget carry forwards are not approved for this project, spend will need to be contained within the allocated budget for 2016/17.
- 5.4 The Programme Policy and Services unit in Housing and Land will be responsible for managing this spend.

6. Planned delivery approach and next steps

Activity	Timeline
Procurement commences	22 July 2016
Procurement complete	19 August 2016
Evaluation commences	22 August 2016
Draft evaluation report complete	14 September 2016
Final evaluation report complete	18 November 2016

Appendices and supporting papers: None

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 budget information within this DD is commercially sensitive.

Until what date: For commercial reasons approval should be deferred until the commission has concluded as defined in the project closure date, expected to be 30 November 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

ORIGINATING OFFICER DECLARATION:**Drafting officer:**

Kore Mason has drafted this report in accordance with GLA procedures and confirms that the Finance team have commented on this proposal as required, and this decision reflects their comments.

HEAD OF FINANCE AND GOVERNANCE:

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

Signature:



Date:

19.07.16