

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2550

### Title: Supporting the retrofit of London's flats

#### Executive summary:

The Mayor is committed to making London net zero by 2030. Flats make up just under half of London's housing stock and are a particularly challenging archetype to decarbonise, but it is necessary to do so to enable delivery of the target. Many of these flats lack adequate insulation and/or affordable heating; a third of low-income households in London live in energy-inefficient flats. Blocks of flats – in their built form, and ownership and management arrangements – are very different from single-family houses. Any decarbonisation plan for London therefore needs a specific focus on flats. There are regulatory and practical barriers to improving flats that affect the likelihood of work taking place. Increasing the levels of energy efficiency of flats is therefore challenging, but key to delivering upon Mayoral decarbonisation targets.

This proposal seeks to draw upon lessons learned from current and previous programmes, in order to help develop materials for flats and an approach to providing more detailed levels of support through a subsequent programme.

This Assistant Director Decision form seeks approval of expenditure required for the development of a package of support for flats. The expenditure will support delivery of the engagement and production of guidance materials for flat owners, as well as the development of proposals for the shape of potential future support through a further phase of the flats programme. It also requests a related exemption from the requirement of the GLA's Contracts and Funding Code, to commission the services required without procuring competitively.

#### Decision:

That the Assistant Director of Environment and Energy approves:

- expenditure (in 2021-22 and 2022-23) of up to a total of £49,000 on services (from Future Climate and Repowering) required for engagement and production of guidance materials for flat owners, as well as the development of proposals for the shape of potential future support through a flats programme
- a related exemption from the requirement of the GLA's Contracts and Funding Code, to commission the above services without procuring competitively.

#### 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:** Catherine Barber

**Position:** Assistant Director,  
Environment and Energy

**Signature:**



**Date:**

11/1/22

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

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

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

- 1.1. The Mayor is committed to making London net zero by 2030. Given just under half (49 per cent) of London households live in flats there is a need to improve the energy efficiency of these homes to support delivery of the Mayor's target.
- 1.2. Many of these flats lack adequate insulation and/or affordable heating: a third of low-income households in London live in energy-inefficient flats. Blocks of flats – in their built form and ownership and management arrangements – are very different from single-family houses. Any decarbonisation plan for London therefore needs a specific focus on flats.
- 1.3. Two main policy challenges need to be addressed if we are to decarbonise private flats in London:
  - Increasing the uptake of retrofit measures in private/mixed-tenure blocks: it seems that there have been lower levels of retrofit, and lower levels of uptake of public energy-efficiency support, in private/mixed-tenure blocks of flats than in single-family houses or social housing flats.
  - Achieving whole building retrofit action on blocks of flats: as the government aims for higher levels of building energy and carbon performance in the existing stock, a fabric-first, whole-building approach is needed for blocks of flats. Similarly, heat decarbonisation needs to be considered as a whole-building challenge for blocks of flats.
- 1.4. English Housing Survey data suggests that levels of retrofit in private flats are lower than in single-family houses and in social housing flats. For example, well over half – 55 per cent – of London's private flats with cavity walls have uninsulated walls, when, at England level, less than a third of cavity-wall homes are uninsulated. Many of these flats will have been built with insulated walls, as flats tend to be newer than houses. Considering levels of retrofit cavity wall insulation (CWI), rates are therefore much lower. Looking only at London, private, cavity-wall construction flats built before 1990 – after which CWI was required in building regulations – 75 per cent of flats have no wall insulation.
- 1.5. There are regulatory and practical barriers to improving flats that affect the likelihood of work taking place. Freeholders are not allowed to install improvements in blocks under most leases – only to carry out repairs and maintenance. There are also practical considerations to improving flats that act as a barrier. The challenges of mixed-tenure blocks, and securing consent and contributions from leaseholders, are difficult for both social and private landlords. Many measures that would improve homes need to be installed at a block level – insulating the walls – and therefore even one owner dissenting can stop work for all the residents. Financing and funding tends to focus on measures in individual dwellings rather than looking at a block level.
- 1.6. Increasing the levels of energy efficiency of flats is therefore challenging, but key to delivering upon Mayoral decarbonisation targets. Given the complexity of addressing flats, it is considered that flat owners should be provided with specific support to try and understand the steps they can take to improve the energy efficiency of their homes.

- 1.7. This proposal seeks to draw upon lessons learned from current and previous programmes, in order to help develop materials for flats and an approach to providing more detailed levels of support through a subsequent programme.
- 1.8. The funding will support delivery of the engagement and production of guidance materials for flat owners, using this work to build networks and get input from stakeholders. These guidance materials will provide flat owners in different circumstances with some information to help them understand how they can reduce the carbon footprint of their homes. These materials will be developed following engagement with key industry stakeholders and residents of flats, to ensure the materials are fit for purpose.
- 1.9. Through the engagement work, feedback will also be sought to input into development of a potential subsequent phase of support.
- 1.10. Section 9 of the GLA's Contracts and Funding Code requires, where the expected value of a contract for services is between £10,000 and £150,000, that the services in question must be procured competitively. However, section 10 provides that an exemption from this requirement may be approved where a supplier has had previous involvement in a specific current project or the where the work proposed is a continuation of existing work, which cannot be separated from the new work.
- 1.11. Using Future Climate and Repowering will provide value for money through the provision of additional match-funding. The match-funding is for a related and complementary piece of work; its provision allows a wider scope to the programme than could be funded by the GLA alone. The scope of the work has therefore been reduced so it does not cover this work, and costs would need to rise if the exemption isn't granted and a procurement exercise has to be run.
- 1.12. Given the previous development work they have undertaken to date, as well as the networks they have built, this next phase of activity can build upon that, rather than appointing a different organisation who would need to duplicate this activity. This further reduces the expenditure the GLA would have to incur, providing better value for money.
- 1.13. Future Climate and Repowering's previous work has also built contacts with key stakeholders that need to feed in to the next stage of the programme. In the event that an exemption isn't granted, as well as the additional cost that would be required, there is also a risk that not all stakeholders would agree to be involved in both programmes. This would create a risk to delivery for both pieces of work.
- 1.14. Taken together, it is unlikely that any other supplier would be able to submit a more economically advantageous tender than Future Climate and Repowering.
- 1.15. As such, an exemption is requested on the basis of Future Climate and Repowering's previous involvement in a specific current project or continuation of existing work that cannot be separated from the new project/work.

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

- 2.1. The overall goal of the programme would be to develop support which can help unlock energy and carbon savings from private blocks of flats in London, delivering significant reductions to fuel poverty.

### *Objectives*

- 2.2. The aim of the programme is to develop a range of guidance materials for flat owners on how to improve their homes, and develop a viable approach to a potential subsequent phase of the programme to promote action on blocks of flats in the private sector. The proposed programme will:
- work with key industry stakeholders to identify best approaches to reach co-owners of blocks of flats
  - assess the best opportunities in terms of measures and building types, e.g. converted flats vs low rise blocks; and governance types, e.g. share of freehold
  - explore potential alignments between low-carbon action on blocks and fire-safety remediation measures
  - encourage technical innovation by developing a collaboration hub between freeholders and managing agents of different blocks, to input into development of the materials and a potential subsequent phase of the programme
  - use this information to develop a suite of materials to provide information to people living in flats on how they can improve their homes
  - scope out a potential future funding programme
  - identify obstacles that cannot be overcome with grant funding, and provide recommendations on how to address them.

## **3. Equality comments**

- 3.1. The public sector equality duty requires the identification and evaluation of the likely potential impacts, both under section 149 of the Equality Act 2010 (the Equality Act) as public authorities, the Mayor and the GLA must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation; and to advance equality of opportunity, and foster good relations, between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status.
- 3.2. This programme will seek to provide support to owners and occupants of flats, a group of people that have typically not been able to access support. Although the starting point for support will be the property type, ensuring that everyone is able to access the information and input into development of the work will be a key focus for delivery.

#### 4. Other considerations

##### Key risks and issues

Risk/issue	Mitigating actions
Difficult to engage property owners	Collaboration Hub will seek to get people involved  Part of the scope of the work is to develop routes in to engaging with owners of flats
Range of barriers to improving the energy efficiency of flats makes it too challenging to develop a support package	Some support will be provided for owners of flats through this programme, and will be tested with them  Input from flat owners and key stakeholders will be focused on identifying particular segments to focus on as a starting point

##### Link to Mayoral Strategies and Priorities

- 4.1 This work is designed to support delivery of the Mayor's London Environment Strategy and target for London to be zero carbon by 2030.

##### Green New Deal and London Recovery work

- 4.2 The Green New Deal Mission has been designed in collaboration with London Councils, taking account of the views of Londoners and stakeholders. The mission has set the challenge of tackling the climate and ecological emergencies and improving air quality by doubling the size of London's green economy by 2030 to accelerate job creation for all. The mission identifies the opportunity to support London's recovery through tackling huge city challenges like improving London's homes and workplaces to reduce their energy demand and carbon emissions.
- 4.3 There are no conflicts of interest to note for any of the officers involved in the drafting or clearance of this decision form.

#### 5. Financial comments

- 5.1. Approval is being sought for expenditure up to £49,000 to develop a grant programme and toolkit to support the decarbonisation of flats in London. This expenditure will be funded from the Warmer Homes programme within Energy Efficiency budgets.
- 5.2. It is expected that £20,000 will be spent in 2021-22 and the remaining £29,000 in 2022-23. Budgets for 2022-23 are yet to be confirmed, and will be finalised as part of the budget-setting process for 2022-23. As a priority area, sufficient funds for this project will be earmarked from available resources in 2022-23.

## 6. Legal comments

- 6.1 The foregoing sections of this report indicate that: the decisions requested of the Assistant Director concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or that are facilitative of, conducive or incidental to the promotion of the improvement of the environment in Greater London. 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 Assistant 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, and foster good relations, between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (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 with a value of that concerned here from a suitable framework, where possible; or if it is not possible, to undertake a competitive process managed by TfL Commercial in respect of the services required. However, the Assistant Director may 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 that this ground applies and that the proposed contract affords value for money. On this basis the Assistant Director may approve the proposed exemption if satisfied with the content of this report.
- 6.4 In the event that the Assistant Director makes the decisions sought, officers must ensure that the GLA and Future Climate and Repowering enter into and execute a contract before the commencement of the services.

## 7 Planned delivery approach and next steps

- 7.1 This sets out the proposed timetable:

Activity	Timeline
Approval granted	January 2022
Contracts awarded to Future Climate and Repowering	January 2022

Programme inception	February 2022
Guidance materials developed	August 2022
Recommendations for a subsequent phase of the programme	September 2022

**Appendices and supporting papers:**

None

**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

**Part 1 – Deferral**

**Is the publication of Part 1 of this approval to be deferred? NO**

**Part 2 – Sensitive information**

Only the facts or advice that would be exempt from disclosure under the 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:**

Sarah Fletcher has drafted this report in accordance with GLA procedures and confirms the following:

✓

**Corporate Investment Board**

This decision was agreed by the Corporate Investment Board on 10 January 2022

✓

**ASSISTANT DIRECTOR OF FINANCE AND GOVERNANCE:**

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

**Signature**



**Date**

**11/1/22**