

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2168

### Title: Better Boilers – administration and closedown

#### Executive Summary:

Better Boilers was launched on 9 January 2017 to replace and repair inefficient and broken boilers in up to 500 owner-occupied homes of people in receipt of qualifying benefits (a proxy for fuel poverty).

Mayoral Decision 2057 approved the award of a contract up to the value of £75,000 to the Energy Saving Trust (EST) to undertake administration, management and evaluation of the scheme. However, an extension to the scheme's deadline for new applications means that the GLA requires additional administration services outside the scope of the original contract.

It is therefore proposed that the GLA enter into a new contract with EST, with a value of £37,000 and running until 30 November 2017, drawing on existing revenue budget within the Development, Enterprise & Environment Directorate's Home Retrofit budget. This decision is being progressed via a director's decision form because the total contract value amounts to £112,000.

#### Decision:

That the Executive Director of Development, Enterprise & Environment Directorate approves:

- the award of a contract, with a value of up to £37,000 to the Energy Saving Trust for the ongoing management and administration of the Better Boilers scheme
- a related exemption from the requirements of the GLA's Contracts and Funding Code to seek competitive tenders for such services

#### 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:** Fiona Fletcher-Smith

**Position:** Director, Development, Enterprise & Environment Directorate

**Signature:** 

**Date:** 26.9.2017

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

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

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

- 1.1 Better Boilers was launched on 9 January 2017, to replace and repair inefficient and broken boilers in up to 500 owner-occupied homes of people in receipt of qualifying benefits (a proxy for fuel poverty). The scheme is managed and administered by the Energy Saving Trust (EST).
- 1.2 The planned closure date for new applications to the scheme was 9 June 2017. As this date approached it became clear that the capital budget would not be exhausted and there was still many fuel poor households which could benefit from the scheme. Therefore, the scheme was extended until August 31 2017.
- 1.3 As at 6 September 2017, 827 full-applications had been received and over 360 installations had been completed. Customer satisfaction is high (around 95 per cent), and a promotional video showing testimonials has been widely shared through social media channels. The scheme has already provided key insights which will help inform potential future schemes under the Mayor's draft Fuel Poverty Action Plan.
- 1.4 The extension of the scheme's closing date to new applications means that the scheme will not be finalised in the period originally set out in our contract with EST. GLA officers have therefore negotiated with EST a fixed-cost of £37,000 to undertake the remaining administration, management and close-down of the scheme (this is expected to be at the end of November 2017). Existing revenue funding from within the Development, Enterprise & Environment Directorate's Home Retrofit budget will be used for this purpose (no new capital funding is required).
- 1.5 EST's remaining management and close-down activities will include:
  - providing telephone support to applicants who have submitted a claim
  - liaising with Ecologic Energy (the scheme's installer) and applicants around installation, follow-ups and any complaints
  - processing and receiving claims up to the end of November 2017
  - follow up activity around unclaimed applications – contacting customers to assess whether they still want to be supported through the scheme
  - application validation and payment authorisation processing i.e. processing claims and verifying that paperwork is in order, and liaising with the GLA over auditing
  - system closedown – providing a secure system which stops any further applications being accepted while allowing for application administration to continue
  - final scheme reconciliation – once applications have been claimed/cancelled, providing a final report of applications made/claimed and any funds remaining, if applicable.
- 1.6 An exemption from the requirements of the GLA's Contracts and Funding Code to seek competitive tenders for such services is sought, on the grounds that the supplier has had 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 proposed new contract between the GLA and EST will allow the successful completion of the Better Boilers scheme. Primarily it will allow the administration to deliver the remaining boiler installations and repairs in vulnerable households which have inefficient or broken boilers and are deemed to be in fuel poverty. The scheme was established to drive savings in CO<sub>2</sub> and NO<sub>x</sub> across London by:

- a. **supporting up to 500 households in fuel poverty and preventing excess winter deaths**
- b. **saving carbon.** Replacing 450 inefficient boilers should save up to 331tCO<sub>2</sub> per year
- c. **cutting an individual household's energy bill** by an average of £150 a year, (depending on the size of the property and the efficiency of the boiler being replaced)
- d. **improving air quality.** Each boiler installed through the scheme is ultra-low NO<sub>x</sub> (and must emit no more than 40 mg/kWh NO<sub>x</sub>, as per the requirements for new build energy performance standards in the London Plan).
- e. **reducing the risk of carbon monoxide poisoning**
- f. **promoting behaviour change** through the installation of new heating controls, and energy efficiency advice and support.

## 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. This scheme has a positive impact on lower income and fuel poor households directly through the direct grant support they receive.

## 4. Other considerations

### a) Risks and issues

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

Risk	Likelihood (out of 5)	Impact (out of 5)	Rating	Mitigation
Lack of take-up results in lower number of fuel poor households supported.	1	2	2	Avoid. GLA has ensured a comprehensive marketing and communications campaign for the scheme, especially since the extension to new applications. (Most recently a testimonial video has been released and correspondence from the Deputy Mayor for Environment and Energy has been sent to senior stakeholders. Both have had a really positive impact of scheme take-up). Although there can be drop off through the DWP benefits-check and site-survey processes, a reserve list of expressions of interest will be maintained.

Scheme takes longer to close-down than anticipated, resulting in further administration costs.	3	1	2	Avoid. A learning point from the scheme to date is that some applications are far more time consuming than envisaged, often due to difficulties in processing some vulnerable customers (requiring on occasion nearly 20 interactions over a four week period). The proposed contract is therefore a fixed-fee and so the GLA will not incur extra costs (revenue or capital) to the £37k, if the final timeline slips.
Scheme is misused and owner occupiers apply for boiler replacements fraudulently.	1	1	1	Avoid. EST undertakes rigorous checks of all applications (including boiler and owner occupier status information), and the Department for Work and Pensions verifies benefits information. The contractor also check the details provided by the applicant when visiting the household. In addition, Capita has been contracted to undertake home audits/visits.

## b) Links to Mayoral strategies and priorities

Continued administration of the scheme will contribute to meeting the following Mayoral priorities:

- London becoming a zero-carbon city by 2050
- investing in older homes to make them more energy-efficient
- restoring London's air quality to legal and safe levels.

## 5. Financial comments

- 5.1 This decision seeks approval to award the contract to the Energy Savings Trust for the administration, management and closedown of the Better Boilers scheme for £37,000. The initial contract has been approved by MD 2057 for the total amount of £75,000.
- 5.2 Proposed expenditure is available to be used from the Home Retrofit budget within Housing and Land directorate and will be utilised in 2017/18 financial year. Any changes to this proposal, including a continuation beyond the period stated above (or a request for additional funds), will be subject to further approval via the Authority's decision-making process.

## 6. Legal Comments

- 6.1 The foregoing sections of this report indicate that:
- the decisions requested of the Director involve 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 and social development 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:

(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 improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and

(c) 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 Director should have particular regard to section 3 (above) of this report.
- 6.3 Section 9.1 of the GLA's Contracts and Funding Code ("Code") requires that contracts with values of this level be awarded following the seeking of competitive tenders/should be called off from accessible frameworks. However, section 10 of the Code also provides that an exemption from this requirement may be justified where the proposed contractor has had previous involvement in a specific current project. Officers have indicated in section 1 of this report that this is the case here. The Director may therefore approve the proposed award of contract to EST and related exemption if satisfied with the content of this report.
- 6.4 Officers must ensure that appropriate contract documentation is put in place and signed by the GLA and EST before the commencement of the provision of services in question.

## **7. Planned delivery approach and next steps**

	<b>Timeline</b>
Contract signed	29 September 2017
Continuation of core services to the scheme (see paragraph 1.5).	29 September 2017
Completion of any remaining liaison with Ecologic Energy and applicants around installation, follow-ups and complaints	31 October 2017
Target date for remaining claims receipted and processed by the end of October (with GLA acceptance that there will likely be some that are not processed until November).	14 November 2017
Final scheme reconciliation - once all applications have been claimed/cancelled provide a final report of applications made/claimed and any funds remaining, if applicable.	30 November 2017
Contract ends	30 November 2017

**Appendices and supporting papers:**  
MD 2057

**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: Commercial sensitivity

Until what date: date of signature of the new contract 29 September 2017

**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 to confirm the following (✓)

**Drafting officer:**

Ben Coombes has drafted this report in accordance with GLA procedures and confirms that the following have been consulted on the final decision:

✓

**Assistant Director/Head of Service:**

Patrick Feehily 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:**

The Corporate Investment Board reviewed this proposal on 25 September 2017

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature:

Date:

*M.T. M*  
Tom Middleton on behalf of Martin Clarke