

# GREATER LONDON AUTHORITY

## REQUEST FOR DIRECTOR DECISION – DD2155

### Title: London Boiler Cashback Scheme – closedown administration and evaluation

#### Executive Summary:

The London Boiler Cashback Scheme was established in February 2016 to help owner occupiers and accredited landlords replace inefficient boilers with efficient ones, thereby reducing energy bills, cutting carbon and improve air quality. The scheme is distinct from the Mayor's Better Boilers scheme established in January 2017, which focusses on support to fuel poor households.

The Energy Saving Trust (EST) was contracted by the GLA to administer the scheme.

The initial contract award to the EST, worth £148,000, was approved by MD1606. An extension to this contract, worth an additional £49,819, was approved through ADD2036.

It is proposed that the GLA enters into a new contract for two months, at a cost of £37,460, to finalise administration following scheme closure and to conduct an evaluation (in tandem with EST's evaluation of the Better Boilers scheme, which is already underway). Existing revenue funding from within the GLA Environment Unit's energy efficiency budget will be used for this purpose.

This decision is being progressed via a Director Decision form because the total contract value is above the threshold of an Assistant Director Decision and it would be disproportionate to seek a Mayoral Decision. This approach has been agreed with the Governance Team.

#### Decision:

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

- Expenditure of up to £37,460 on a contract with the Energy Saving Trust to complete the administration, and undertake an evaluation, of the London Boiler Cashback 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:** 5.10.2017

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

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

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

- 1.1 The London Boiler Cashback Scheme (LBCS) was launched on 2 February 2016 (MD1606), by the previous Mayoral administration, to provide 6,500 owner occupiers and London Rental Standard (LRS)-accredited private landlords each with £400 cashback on replacement of a working 70 per cent or less efficient boiler with a new 90 per cent or above efficient boiler or renewable heating generation. The Energy Saving Trust (EST) was contracted by the GLA to manage and administer the scheme to the end of July 2016, at a cost of £148,000.
- 1.2 On 6 December 2016, the Mayor approved the reallocation of existing capital funding of £1m from the London Boiler Cashback Scheme budget to the Better Boilers scheme to directly address fuel poverty (MD 2057), which is also administered by EST. The revised budget allowed for up to 4000 homes to be supported through the scheme.
- 1.3 The scheme closed for new applications on 31 March 2017. As of August 2017, around 3,692 homes had replaced boilers under the scheme, delivering annual savings of around 5,500 tonnes of carbon dioxide (tCO<sub>2</sub>) and over £1.24m per year off Londoners' fuel bills. In addition, the scheme has reduced the risk of carbon monoxide poisoning in London's homes and improved air quality.
- 1.4 EST was contracted by the GLA to administer the LBCS until the end of July 2016, at a cost of £148,000 (MD1606), and subsequently the contract was extended with a value of £49,819 (ADD 2036) after slower than forecast take-up. (Neither approval included provision for an evaluation of the scheme).
- 1.5 While the two schemes (LBCS and the Better Boilers) will be evaluated and reported on separately, some overlap in scheme objectives, and clear similarities in how the schemes are delivered, means that there will be methodological consistency across the two evaluations.
- 1.6 It is therefore proposed that the GLA enters into a new contract with EST in respect of the LBCS until 14 November, to include an evaluation of the scheme, in tandem with the outstanding Better Boilers administration work required including finalising payments, dealing with customer enquiries, and drawing together scheme data from Capita, which undertook the fraud prevention audits. The administration duties are at a rate of £7,784 per month (totalling £19,460 for 2.5 months). In addition, combining the two evaluations provides greater value for money, reducing our original quote of £19,800 plus VAT for the evaluation of the LBCS by around 9 per cent to £18,000 plus VAT.
- 1.7 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 (EST) is unique in its ability to provide compatibility with an existing service.
- 1.8 EST is considered to be unique in its ability to provide the required service on the basis that:
  - 1.8.1 EST has a unique understanding of the scheme, having administered it, and is best placed to provide an evaluation of the scheme, including customer feedback
  - 1.8.2 EST is also currently administering the Mayor's Better Boilers scheme. This puts it in a unique position to be able to provide comparisons across the two schemes and set out what worked and what did not for both schemes
  - 1.8.3 Because of their role in administering both schemes, EST are in a position to be able to offer a reduced rate for this work, meaning it therefore represents good value for money.

## 2. Objectives and expected outcomes

- 2.1 The new contract would provide for a smooth closure of the scheme and remaining administrative tasks to be undertaken.
- 2.2 The new contract would also allow for economies of scale to be realised through combining the LBCS and the Better Boilers evaluations that EST, and for the evaluations to be more comparable in scope and use to the GLA.
- 2.3 As stated above, the purpose of these evaluations is twofold, to:
- measure the impact of the scheme against their target objectives
  - gauge satisfaction of the services received by beneficiaries
- 2.4 to provide strategic recommendations for the development of any future boiler scrappage and fuel poverty schemes run by the GLA. (The draft London Environment Strategy published in August 2017, stated that the LBCS would be evaluated in order to help inform the planned commercial boiler scrappage scheme).

**Table 1: Outcomes of the evaluations of the London Boiler Cashback Scheme (LBCS) and Better Boilers Scheme (BB)**

Objective	LBCS	BB
Carbon savings	✓	✓
NOx savings	✓	✓
Cash (energy bill) savings	✓	✓
Alleviation of fuel poverty		✓
Customers satisfied with overall scheme	✓	✓
Customers perceive the scheme to be of high quality	✓	✓
Customers perceive benefits from participating in the scheme	✓	✓
Customers intend to promote the scheme/participate in future schemes	✓	✓
Customer perceive GLA to have responsibility on these issues	✓	✓
Have strategic directions for informing any future schemes	✓	✓

## 3. Equality comments

- 3.1 The GLA is taking 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 they participate in the scheme, and there will be equality of access to participate in the delivery and benefit from the scheme, without discrimination.

#### 4. Other considerations

##### a) Risks and issues

Risk	Likelihood (out of 5)	Impact (out of 5)	Rating	Mitigation
Additional customer enquiries lead to overspend.	2	2	2	The scheme closed to new applications on 31 March 2017. Enquiries now only relate to existing applicants so there is no risk of overspend.
Evaluation will show the scheme is a negative light.	2	1	2	As at 1 August 2017, around 3,692 homes had already replaced older boilers under the scheme, delivering annual savings of around 5,500 tonnes of carbon dioxide (tCO <sub>2</sub> ) and over £1.24m per year off Londoners' fuel bills. This is fractionally lower than the target of 4,000 boiler replacements. There are still applications being processed.

##### b) Links to Mayoral strategies and priorities

Continued administration and evaluation 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.

##### c) impact assessments and consultations

There was extensive consultation with industry, government, local authorities and many NGOs during the development of the scheme – and there is continuing support for the scheme across all sectors. The project is also being evaluated, through an online survey of all beneficiaries.

#### 5. Financial comments

- 5.1 This decision seeks approval to award the contract to the Energy Saving Trust for the final administration and evaluation of the LBCS for a cost of £37,460 to November 14, 2017. The initial contract has been approved by MD 1606 for the total amount of £148,000 and an extension to this contract, worth an additional £49,819, was approved through ADD2036. The proposed new contract of £37,460 will increase the total cost of administration and evaluation of the scheme to £235,279.
- 5.2 The budget to fund the new contract of £37,460 is to be met from 2017-18 Evidence & Analysis budget within Energy Efficiency unit of the Environment team (part of Development, Enterprise & Environment Directorate) and will be utilised in 2017/18 financial year.
- 5.3 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:

6.1.1 the decisions requested of the Director fall within the powers of the GLA, to do anything which may be considered to be facilitative of or conducive or incidental to the exercise of its functions in a way which promote the improvement of the environment in Greater London; and

6.1.2 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 health of persons, health inequalities between persons and to contribute to the achievement of sustainable development in the United Kingdom; and
- c) consult with appropriate bodies.

6.2 Section 9 of the GLA's Contracts and Funding Code ("Code") requires that a tender exercise be conducted for services with values of that proposed or that they be called off from an accessible framework. However, section 10 of the Code provides that exemptions from that requirement may be approved where the supplier is unique in its ability to provide compatibility with an existing service. Officers have indicated, at section 1 of this report, that this is the case here. Therefore, if the Director is satisfied with the content of this report they may approve the exemption sought. If so approved officers must ensure that appropriate contract documentation is put in place between the GLA and EST and executed before any commitment is made to the scheme or commencement of such services.

## 7. Planned delivery approach and next steps

Core administration	Timeline
Contract signed	29 September 2017
Contract ends	14 November 2017

Evaluation timetable	Timeline
Scope evaluation (with GLA officers)	27 Sept 2017
Undertake evaluation and analysis	20 October 2017
Final evaluation	14 November 2017

### Appendices and supporting papers:

- MD1606
- ADD2036

**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: 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

*M. J. Blag*

Date

*2.10.17*