

# GREATER LONDON AUTHORITY

## REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2036

### Title: London Boiler Cashback Scheme administration

#### Executive Summary:

The London Boiler Cashback Scheme aims to provide 6,500 Londoners with £400 cashback to replace an inefficient boiler with an efficient one, to reduce energy bills, cut carbon, and improve air quality. The Energy Saving Trust (EST) was contracted by the GLA to administer the scheme to the end of July 2016, at a cost of £148,000. Take up of the scheme has been slower than anticipated, so it is continuing to operate beyond the period envisaged. It is therefore proposed that the GLA enters into a new contract with EST for up to seven months (until the end of February 2017 at the latest), at a monthly cost of £7,117.

#### Decision:

That the Assistant Director approves the award of a contract, with a value of up to £49,819, to the Energy Savings Trust for the administration of the London Boiler Cashback Scheme (as detailed in section 1 of this report), and a related exemption from the requirements of the GLA's Contracts and Funding Code to seek competitive tenders for such services. Existing revenue funding from within the Housing and Land Directorate's RE:NEW budget will be used for this purpose.

#### 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:** 18/10/16

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

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

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

The London Boiler Cashback Scheme was launched on 2 February 2016 (MD1606) 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.

As at 20 September 2016, over 8,700 people had applied, or were in the process of applying, to the scheme. Of these, around 3,200 had been issued with a cashback voucher and a further 230 are likely to be issued with vouchers shortly. The scheme has so far contributed to the replacement of around 2,200 boilers (that is, around 2,200 households issued with a voucher have so far submitted a claim for their cashback). These boiler replacements will save an estimated 3,300 tonnes of carbon dioxide (tCO<sub>2</sub>) and £748,000 in participating households' fuel bills every year.

Demand has been steady since the launch. However, it is significantly slower than was expected when the scheme was originally designed. First, this is mainly because - two days before the launch - the then Mayoral administration changed eligibility within the private rented sector (PRS), limiting the scheme to (LRS)-accredited landlords (rather than all private landlords). Second, there was very limited marketing of the scheme during the pre-election period and following the Mayoral election.

Based on uptake to date, and with no renewed marketing, it is estimated that the scheme will have issued all 6,500 vouchers by around June 2017. However, as demand will almost certainly increase as the winter approaches, this is likely to happen far sooner.

GLA officers have negotiated with EST for the cost of administration from 1 August 2016 to be at a lower monthly rate than that in the initial contract (£7,117 compared with £12,333). 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 is unique in its ability to provide compatibility with an existing service.

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

The new contract would enable a continuation of the scheme until all vouchers have been issued, which would:

- **save carbon** – an estimated 9,750tCO<sub>2</sub> per year
- **cut fuel bills** – an estimated £2.2m per year (around £340 a year for each beneficiary)
- **improve air quality** - reducing NO<sub>x</sub> emissions by 8000kg per year
- **help tackle fuel poverty and prevent excess winter deaths**
- **catalyse additional energy efficiency improvements** to the home (e.g. heating controls and insulation)
- **create investment of at least £15m or more in new boilers/renewable heating systems** - helping to sustain work for the low carbon and heating sectors across the capital.

#### **3. Equality comments**

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

Please ensure this section covers a) key risks and issues b) links to Mayoral strategies and priorities c) impact assessments and consultations.

##### a) Risks and issues

Risk	Likelihood (out of 5)	Impact (out of 5)	Rating	Mitigation
Lack of take-up results in not all of the vouchers being issued by the end of February 2017	1	2	2	Take up has been modelled taking into account demand for the scheme to date and sound assumptions about increased demand in the lead up to winter.
Termination of the scheme before the end of February 2017	2	1	2	The contract with EST will contain break clauses enabling termination with one month's notice.  Claims for payment for all outstanding eligible vouchers at the point of scheme closure will be paid.

##### 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.

##### 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 Savings Trust for the administration of the London Boiler Cashback Scheme for a maximum of seven months, at a monthly cost of £7,117 (a maximum of £49,819). The initial contract has been approved by MD1606 for the total amount of £148,000 to the end of July 2016.

5.2 Proposed expenditure is available to be used from RE:NEW budget within Housing and Land directorate and will be utilised in 2016/17 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:

6.1.1 the decisions requested of the Assistant 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 4.1 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 5 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 Assistant 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 and executed by the GLA and EST before any commitment is made to the scheme or commencement of such services.
- 6.3 Officers must also ensure that the proposed award of grant funding to end recipients of the London Boiler Cashback Scheme (here as part of the proposed voucher scheme to be administered by EST) is administered fairly, transparently, and in a manner which is considered to afford value for money and appropriate funding terms are incorporated before any commitment is made to the scheme or such funding.

## 7. Planned delivery approach and next steps

Activity	Timeline
Contract signed	October 2016
Contract ends	No later than end of February 2017

### Appendices and supporting papers:

MD1606

Single source request

**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, expected 28 October 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:**

Debra Levison has drafted this report in accordance with GLA procedures and confirms that the Finance and – if relevant- Legal teams have commented on this proposal as required, and this decision reflects their comments.

**Corporate Investment Board:**

The Corporate Investment Board reviewed this proposal on 17 October 2016.

**HEAD OF FINANCE AND GOVERNANCE:**

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

**Signature:**



**Date:**

18.10.16

