

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3003

Title: Retrofit Accelerator – Homes Extension

Executive summary:

The Mayor set up the Retrofit Accelerator – Homes (RA-H) programme in 2020. RA-H provides technical assistance to social housing providers to drastically reduce carbon emissions from their housing stock while supporting supply chain growth. Currently this technical assistance is due to end in July 2022.

In 2021, through RA-H, the Mayor launched the RA-H Innovation Partnership (RA-HIP) – a framework linking social housing providers and building firms. Over 1,800 whole-house retrofits are contracted to be delivered through RA-HIP by 2024; more underpinning technical support is needed to enable delivery and facilitate the transition to industry-led delivery. There is also a need to engage social housing providers more broadly to help build capacity across London, to further accelerate the transition to net zero.

The European Regional Development Fund (ERDF) has confirmed, in principle, that it will continue to fund RA-H on a 50:50 basis until 30 April 2023. Permission is sought to accept £500,000 of funding, match it from existing GLA budgets and use an additional £100,000 to develop and help procure the next phase of domestic retrofit support.

This Mayoral Decision seeks approval for expenditure of a total of £1.1m funding to extend RA-H until April 2023.

Decision:

That the Mayor approves:

- receipt of £500,000 of ERDF match-funding for continuation of the RA-H programme from 1 August 2022 to 30 April 2023
- expenditure of £1m – comprising the above £500,000 of ERDF funding and £500,000 from the existing Good Growth 2022-23 energy budget – to fund additional services from Turner & Townsend Consulting Ltd, the GLA's incumbent provider of the RA-H programme
- expenditure of up to an additional £100,000 from the existing Good Growth 2022-23 energy budget on specialist services to develop and help procure the next phase of domestic retrofit support.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

4/7/22

PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

Background

- 1.1. The Mayor wants to make London a zero-carbon city by 2030, whilst protecting the most disadvantaged Londoners by tackling fuel poverty. Retrofitting London's homes is vital to achieving this, as they are responsible for 36 per cent of the city's greenhouse gas emissions.
- 1.2. Achieving a zero-carbon London by 2030 is a stretching ambition – but one lent more urgency by the scale of fuel poverty. In 2020 there were 404,000 households living in fuel poverty in London, which equates to 11.5 per cent of all households. Meanwhile, 22 per cent of London's homes are in the social housing sector, a disproportionate number of which – 18.7 per cent – were in fuel poverty in 2020. Supporting this sector to decarbonise is therefore crucial to both delivering on zero-carbon ambitions and tackling fuel poverty.

Retrofit Accelerator – Homes

Overview

- 1.3. The RA-H programme was approved in March 2018 by MD2235, "Energy for Londoners – Homes energy efficiency programme". In line with the Mayor's other Accelerators, RA-H provides revenue-funded technical advice and support, in this case to the social housing sector. These programmes aim to build capacity in organisations across London to deliver carbon savings and address fuel poverty. This complements more direct Mayoral activity on this agenda through the Warmer Homes programme, which provides capital funding to deliver the installation of measures.
- 1.4. With 50 per cent match funding from the ERDF, this programme supports London's social housing providers with the technical assistance needed to kick-start 'whole-house retrofit' across the capital. It also has a wider strategic ambition to help build the supply chain and support the growth in green jobs.
- 1.5. RA-H helps housing providers take a 'whole-house approach' – identifying a range of measures based on the needs of each home. This increased focus on supporting housing providers to deliver deeper retrofitting aims to achieve greater occupant benefits including lower energy bills, greater comfort and improved health and wellbeing, in addition to greatly reduced carbon emissions.

Delivery model

- 1.6. Professional services company Turner & Townsend was procured on 1 May 2019 through an OJEU procurement process to provide the technical assistance services for RA-H.
- 1.7. RA-H is built on the Energiesprong approach. This is an outcomes-based construction and investment model to create net-zero-carbon homes through a whole-house 'envelope' retrofitting mode – using off-site construction methods. This approach is relatively new to the UK, with only a handful of Energiesprong schemes completed to date – including through Energy Leap, a Mayor of London pilot which informed development of the subsequent Retrofit Accelerator – Homes programme.
- 1.8. The RA-H Innovation Partnership (RA-HIP) was launched in Summer 2021. RA-HIP connects social housing providers and building firms (solution providers) to build a retrofit pipeline; grow and strengthen the retrofit supply chain; and drive down the costs of whole-house retrofit. Four solution providers were selected following a procurement process and have entered into contracts with seven London-based social housing providers in Barking and Dagenham, Ealing, Enfield, Haringey, Hammersmith and Fulham, Lambeth, and Sutton to develop a retrofit pipeline. After the three-year partnership a framework for delivering retrofit projects will be launched. This framework has a

potential value of £10bn, equivalent to up to 190,000 retrofitted homes, which would create around 150,000 jobs over a decade.

Achievements to date

- 1.9. RA-H has already succeeded in helping housing providers create a significant pipeline of whole-house retrofits, exceeding programme targets for the number of homes contracted to receive deep retrofit (1,879 against a target of 1,678) and associated carbon savings (6,442 tCO₂ against a target of 4,161 tCO₂).
- 1.10. In addition, the recent evaluation of RA-H, as well as feedback from supported organisations, highlights a wide range of benefits that have already been realised. These include: growing social housing provider and solution provider knowledge and expertise around whole-house retrofit; making those homes already retrofitted warmer, more comfortable and significantly more efficient, reducing residents' energy bills; supporting retrofit supply chain development; increasing collaboration and understanding of retrofit within and between local authority departments; and innovation through development of new products to bring to market and processes to support retrofit.
- 1.11. Due to the innovative nature of RA-H and the triple challenges of the Covid-19 pandemic, the impacts of Brexit on the supply chain and the energy crisis, there have been some delays to starting on site for most boroughs, although 11 retrofits have already been completed. Further retrofits are in the pipeline and due to go on site.

Social Housing Retrofit Accelerator

- 1.12. In March 2021, following on from the success of RA-H, the Department for Business, Energy and Industrial Strategy (BEIS) granted the GLA £3.45m to extend this model to deliver technical advice and support to housing providers across the whole of England through a new one-year programme.
- 1.13. To enable receipt of this funding and to allow Turner and Townsend to deliver the technical advice and support for SHRA, the Contract for Services was varied to increase its value by £3.25 million and extend its end date to 30 April 2023.
- 1.14. The Social Housing Retrofit Accelerator (SHRA) was set up to help social housing providers across England enhance their existing retrofit plans to improve their chances of being successful through the £160m Social Housing Decarbonisation Fund (SHDF).
- 1.15. Through the SHRA, many existing support and development methods from RA-H were adopted, as well as successfully trialling a range of different approaches to capacity-building. There was significant engagement in the SHRA by social housing providers, including 5,000 attendees to online masterclasses and briefings; and 725 organisations engaged in one-to-one support, group learning or other resources. This support translated into many successful bids into the SHDF. Of the 69 total successful bids, 66 were supported by the SHRA; and 96.9 per cent of the total funding allocation was secured by SHRA-supported bids.
- 1.16. The programme was an overwhelming success, having met or exceeded all its KPIs. BEIS is now delivering the next phase of SHRA in-house using the approach developed by the GLA. The SHRA has provided a significant amount of learning on different approaches to capacity-building, which we are seeking approval to build upon in the extension to RA-H.

RA-H extension to 30 April 2023

- 1.17. The technical assistance provided by RA-H is currently due to end on 31 July 2022. There is, however, a considerable need for continued technical assistance to social housing providers – both those engaged in the RA-HIP, and those engaged in the sector more broadly. It is therefore proposed that funding is approved to continue to provide technical assistance through RA-H until 30 April 2023.

1.18. The technical assistance provided by RA-H would comprise three key workstreams:

- continued support for social housing providers within RA-HIP
- supporting whole-house retrofits outside RA-HIP
- wider capacity-building.

Continued support for social housing providers within RA-HIP

- 1.19. One of the key conclusions of the recent evaluation of RA-H was that ongoing technical support provided through RA-H is crucial. The innovative approach of whole-house retrofit continues to entail a steep learning curve, and there are additional increased demands on social housing providers due to the cost-of-living crisis. Consequently, the social housing providers being supported through the current phase of the programme do not yet have the capacity to deliver the contracted whole-house retrofits alone and this extension will continue to provide them with support.
- 1.20. This technical assistance will include support around key delivery issues including design; costs; planning issues; resident engagement and buy-in; recruitment; and contracts. In addition, social housing providers will be supported to secure further capital funding for delivery and collaborate with each other and with solution providers through the RA-H Collaboration Hub, established in 2021.
- 1.21. Extending the programme will allow for additional whole-house retrofits to be completed in line with extended KPIs required from the ERDF and provide more time to meet the existing KPIs.

Supporting whole-house retrofits outside RA-HIP

- 1.22. RA-H is currently providing technical assistance for the delivery of Treadgold House in the Royal Borough of Kensington and Chelsea, the UK's first Energiesprong net-zero retrofit of a block of flats. Approving the extension to the programme will allow this support to continue as part of RA-H. Lessons learned will be documented and disseminated to London's social housing providers.
- 1.23. Additionally, the opportunity exists to bring further social housing providers into RA-HIP to deliver additional whole-house retrofits. RA-H will therefore look to onboard and support one new housing provider to join RA-HIP.

Wider capacity-building workstream

- 1.24. Approval is also sought to establish a new capacity-building workstream which would be available to a wider range of boroughs. This would support social housing providers outside those engaged in RA-H to work towards the achievement of net zero goals, with a focus on group support. This workstream will draw upon approaches developed under the successful SHRA scheme and focus on all types of domestic retrofit.
- 1.25. This workstream recognises that to move at the scale and pace required to reach net zero, London's social housing providers will need to move to a future state where functions within the organisations are working in harmony to remove barriers and maximise market opportunities to decarbonise social housing stock. The capacity-building workstream will lay the foundations for a model that can facilitate this transformational change, working through three stages:
- analysis of the support needed through engagement with a wide range of social housing providers using a capability assessment tool
 - designing and developing a programme of group support based on themes identified through the analysis

- delivery of a programme of workshops to bring senior stakeholders from London's housing providers to understand common issues and potential solutions.

1.26. In addition to providing wider support to more of London's social housing providers, this workstream will help the GLA to understand the wider needs of London's social housing providers. This will inform future work on domestic retrofit in London and the shape of the next phase of RA-H.

Supporting work to develop and help procure the next phase of support

1.27. Approval is also requested for additional funding to develop the next phase of support. This funding would be used to provide legal support to deliver the current phase of the programme as well as to help scope out and procure the next phase of support. This workstream will draw upon the lessons learned from the RA-H evaluation and wider-capacity building workstream, as well as getting input from the sector through other engagement activities.

Planned approach

1.28. The cost of extending RA-H to 30 April 2023 will be circa £1.1m, comprising £1m for technical assistance services and £100,000 for additional specialist services.

1.29. In May 2022 the ERDF confirmed, in principle, that the GLA had been successful in bidding for further ERDF funding of £500,000 by way of grant to cover 50 per cent of the cost of extended RA-H programme delivery to 30 April 2023. It is proposed that the GLA provides a 50 per cent match contribution of £500,000 in financial year 2022-23 for technical assistance.

1.30. It is proposed that the GLA's current contract with Turner & Townsend for technical assistance services be varied in order to deliver the extension to RA-H.

1.31. In addition to this main contract, an allocation of up to £100,000 is requested for additional specialist services – including legal and further supporting work to develop and help procure the next phase of domestic retrofit support. The contracting approach for these services will be agreed with TfL Procurement, and is included in the overall budget.

1.32. This £600,000 is available within the existing Good Growth energy budget.

2. Objectives and expected outcomes

2.1. The main objective of the extension to RA-H is to increase domestic retrofit in London; and, therefore, to contribute to the Mayor's ambitions to reduce fuel poverty and achieve a zero-carbon London by 2030. This will be done through supporting delivery of the contracted whole-house retrofits whilst developing the supply chain; driving down costs; sharing learning; identifying the needs of social housing providers outside RA-HIP; and beginning to address these needs.

2.2. The expected key outcomes by April 2023 are:

- a further 15 whole-house retrofit prototype projects completed – resulting in warmer, more comfortable and more efficient homes for residents – and learning used to inform the pilot phase of RA-HIP
- an additional social housing provider brought into RA-HIP, scaling up delivery of whole-house retrofits in London
- increased capacity and expertise in the whole-house retrofit market as RA-H promotes and normalises innovative approaches and new financial models
- increased capacity, expertise and joined-up approaches to retrofit within London's social housing providers through identification of issues and delivery of series of capacity-building workshops

- key areas for support across London's social housing providers identified through capacity-building workstream, and used to develop future programmes to support domestic energy efficiency
- skilled green jobs created and sustained in the low-carbon energy-efficiency market.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, as a public authority, the GLA is subject to the public sector equality duty and must have due regard to the need to
- eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity between people who share a relevant protected characteristic and those who do not
 - foster good relations between people who share a relevant protected characteristic and those who do.
- 3.2. Protected characteristics under section 4 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sex orientation, and marriage or civil partnership status (all except the last being "relevant" protected characteristics). This is the public sector equality duty. Compliance may involve, in particular, removing or minimising any disadvantage suffered by those who share a relevant protected characteristic; taking steps to meet the needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low, including tackling prejudice and promoting understanding. In limited circumstances this may involve treating people with a protected characteristic more favourably than those without the characteristic.
- 3.3. The GLA will take appropriate steps to identify and mitigate potential negative impacts on those with protected characteristics in relation to the development, design, targeting, marketing and delivery of the scheme. This will be done by ensuring compliance with the Mayor's Equality, Diversity and Inclusion Strategy; and developing and testing in line with GLA guidance on equalities and diversity.
- 3.4. Those with protected characteristics will gain from the positive benefits of this scheme in equal measure should their households be eligible, and there will be equality of access to participate in the delivery and benefit from the scheme, without discrimination. In London more residents in social housing are from non-white British households, so they are more likely to be supported through this programme.
- 3.5. RA-H is aligned with the London Environment Strategy. The programme targets residents who are in or at risk of fuel poverty and homes with poor levels of energy efficiency; and aims to promote holistic, whole-house energy-efficiency retrofits. The programme is therefore designed to advance equality of opportunity and support those who are particularly vulnerable, whether as a result of their protected characteristics or other factors, such as their health or personal circumstances. It is therefore expected that the RA-H extension will have a positive impact on lower-income and fuel-poor households directly through the home refurbishments it enables.

4. Other considerations

Key risks and issues

Risk no	Risk	Likelihood (1-4)	Consequence (1-4)	Rating	Mitigation
1	GLA cannot fulfil KPIs within GLA-ERDF grant agreement	1	2	2	Ongoing support provided through the extension to RA-H will allow more detailed input to help address issues and manage risk.
2	Increasing materials costs mean the number of homes that can be delivered through RA-HIP is reduced, as social housing providers cannot provide the required level of match funding	3	3	9	RA-HIP will continue to engage the supply chain to find economies of scale and support social housing providers with additional applications for funding as required.
3	Delays in the supply chain and challenges during delivery (e.g. finding damp, etc) mean delays to the programme	2	2	4	Allowance has been built into the programme to account for some delays. RA-HIP will continue to work closely to social housing providers to mitigate any delays and where possible find alternative solutions.
4	London social housing providers do not engage with the capacity-building workstream	1	3	3	<p>Learnings from the successful SHRA programme will inform engagement and delivery throughout.</p> <p>Key stakeholders will be engaged early and through a variety of routes to support engagement.</p>

Links to Mayoral strategies and priorities

4.1. Relevant London Environment Strategy policy proposals are as follows:

- Proposal 10.1.2.a: To support start-ups and business growth across the economy, including in the low-carbon and environmental goods and services sector.
- Proposal 10.1.1.e: The Mayor will work with stakeholders from across the financial and environmental sectors to develop financing mechanisms.
- Proposal 6.1.2.a: The Mayor will work with partners to help alleviate fuel poverty in London through implementing the recommendations of the Fuel Poverty Action Plan.

- Proposal 6.1.1b: Pilot innovative methods to implement the stronger energy efficiency retrofitting needed.
- Proposal 6.1.1a: Contribute to helping Londoners improve the energy efficiency of their homes, where appropriate, by providing technical assistance, support and funding.

- 4.2. The relevant Equality, Diversity and Inclusion Strategy objective is Strategic Objective 12: to work with government, businesses, transport providers, voluntary groups and all relevant partners to help ensure our approach to tackling fuel poverty and improving green spaces is inclusive.
- 4.3. The relevant Health Inequalities Strategy objective is: through the Mayor's London Food Strategy and Fuel Poverty Action Plan, to work with partners to tackle food poverty and fuel poverty, and their impacts on vulnerable Londoners.
- 4.4. Relevant recovery missions are A Green New Deal and Good Work for Londoners.

Conflicts of interest

- 4.5. 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

Background

- 5.1. Approval is being sought for expenditure of up to £1.1m on extending the Retrofit Accelerator Homes extension programme.
- 5.2. This includes £1m direct expenditure on services from Turner and Townsend, the GLA's incumbent provider of the Retrofit Accelerator-Homes and £100,000 on specialist services to develop and procure the next phase of the domestic retrofit support.

Funding

- 5.3. The programme costs will be funded via the receipt of £500,000 of European Regional Development Fund match funding for continuation of the Retrofit Accelerator-Homes (RA-H) programme from 1 August to 30 April 2023 for which approval is also being sought via this decision. The balance of £600,000 will be funded from the Environment Programme budget specifically the allocations set aside for the Homes Energy Accelerator project for 2022-23 and 2023-24, held within the Environment Unit.
- 5.4. It should be noted that a small proportion of costs (profile yet to be determined) will span into 2023-24 and will have first call on the revenue resources set aside for Environment programmes in 2023-24. However, the 2023-24 budgets are not yet formally approved, and this would constitute a pre-existing commitment against these budgets when the formal budget setting exercise is undertaken. To mitigate any risk of the programme not being sufficiently resourced in future years to cover costs following the budget setting process, all contracts and grant agreements will include the usual break clauses that could potentially be exercised if required.
- 5.5. The European Regional Development Fund (ERDF) has confirmed in principle that they will continue to fund the programme on a 50:50 basis for the duration of the extension and will be claimed and accrued in arrears based on defrayed expenditure – in line with ERDF funding regulations. However, no contract obligation will be agreed until formal agreement of funding has been received by ERDF. All appropriate budget adjustments will be made.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the decisions requested of the Mayor concern the exercise of the Authority's general powers; falling within the Authority'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 in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority'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 Mayor 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 (age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation) 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 Mayor should have particular regard to section 3 (above) of this report.
- 6.3. Paragraph 1.29 above indicates that the contribution of £500,000 to the Authority amounts to the provision of grant funding and not payment for services. Officers must ensure that the funding be distributed fairly, transparently, in accordance with the GLA's equalities and with the requirements of section 12 of the Authority's Contracts and Funding Code.
- 6.4. Furthermore, officers must ensure that an appropriate funding agreement be put in place between and executed by the GLA and the funder before any (a) commitment to fund is made; and (b) funding is paid to the recipient.
- 6.3 All procurements of works, services and supplies required for the project must be procured in accordance with the Authority's Contracts and Funding Code (the "Code") and, where the value exceeds £150,000, in accordance with the Public Contracts Regulations 2015 (the "Regulations"). Furthermore, the officers must liaise with Transport for London's procurement and supply chain team, which will determine the detail of the procurement strategy to be adopted in accordance with the Code and the Regulations. Officers must ensure that appropriate contractual documentation be put in place and executed by chosen service provider/supplier and the Authority before the commencement of the attendant works, services or supplies.
- 6.5. The Technical Assistance services contract was awarded to Turner & Townsend in 2019 following a competitive procurement conducted fully in accordance with the Public Contracts Regulations 2015 and the GLA's Contracts and Funding Code.
- 6.6. The current contract can be varied to a maximum contract ceiling of up to £6,900,000. At present the GLA is committed to £5,751,881 through the contract. Therefore, there is headroom to accommodate an increase of over £1m – the proposed contract extension amount.
- 6.7. Officers are therefore of the view that the variation is permitted for the purpose of procurement law on the basis that:
- the modification does not modify the overall nature of the contract, since the functions and nature of the additional services proposed correspond with those procured under the original contract

- the value of the variation proposed, when the current committed expenditure is taken into account, does not result in an increase in excess of 50 per cent of the original contract value.

7. Planned delivery approach and next steps

Activity	Timeline
ERDF change request agreed (for additional funds and extension for achieving KPIs 1 and 2)	20 June 2022
Contract variation signed	7 July 2022
Start of capacity-building workstream	7 July 2022
Start of all other workstreams	1 August 2022
Delivery end date	30 April 2023
Final ERDF reporting and claims complete	30 June 2023
Project closure	30 June 2023

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? YES**

If YES, for what reason: The contract extension is subject to a contract variation which needs to be in place before the extension is announced.

Until what date: Until the contract variation is signed after 7 July 2022.

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:

Lisa Bennett has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Shirley Rodrigues has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 27 June 2022

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

D. Gene

Date: 1/7/22

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

D. Bellamy

Date 27/05/22

