

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2266

Title: London Sustainable Development Commission's Programme on Green Finance

Executive Summary:

The GLA wishes to engage a consultant(s) on behalf of the London Sustainable Development Commission (LSDC) to develop a report setting out actions needed to create demand for low carbon projects and options to finance these and wider environmental programmes in the capital. The report will have multiple audiences, including the Mayor of London, GLA, central government, the City of London, the investor community, and decision-makers in London boroughs and other public bodies. It will be informed by exploratory roundtables already held by the LSDC, additional desktop research and bilateral meetings, and a peer review workshop.

This decision form asks for approval to spend up to £25,000 to this end.

Decision:

That the Assistant Director of Environment approves:

Expenditure of up to £25,000 to engage a consultant that will undertake research and analysis, conduct a stakeholder workshop to produce a report for the London Sustainable Development Commission (LSDC) about financing environmental programmes in the capital, and for the design and print of this report.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT

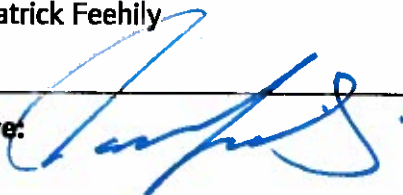
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Patrick Feehily

Position: Assistant Director of Environment

Signature:



Date:

10/9/18.

PART I – NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1. The LSDC was appointed by the Mayor of London in 2002 to provide independent advice on ways to make London a more sustainable city.
- 1.2. In his 2018 London Environment Strategy, the Mayor set out an ambition for the capital to be a zero carbon city by 2050, and for the city to transition to a low carbon circular economy. Mobilising public and private sector finance to deliver the scale and speed of action required to meet this aim, and to achieve the Mayor's wider environmental ambitions, is an important challenge highlighted in the London Environment Strategy for achieving a sustainable world city. Recognising this challenge, the LSDC has also identified green finance as a key part of its work programme which will deliver on its role to provide independent advice to the Mayor.
- 1.3. As with the city's broader, long-term infrastructure requirements,¹ the scale of need means that public investment alone will likely be insufficient to meet London's environmental ambitions. As one example, over \$1tn of investment in new climate action will be required across C40 cities (of which London is one) between 2016 and 2050 to remain within the 1.5-degree temperature rise.² The investment challenge will only be heightened by the UK's departure from the European Union. This is because many current GLA environmental programmes are funded through EU instruments, the status of which is unclear post-March 2019. Significant amounts of private sector finance will also need to flow into projects, and at a cost that keeps them viable. For an idea of scale, the London Infrastructure Plan estimated the investment needed to meet the demands of a larger population by 2050;³ the energy component alone was some £148bn.⁴
- 1.4. There is additional national policy context to the work:
 - The UK Government's Industrial Strategy and Clean Growth Strategy have set a direction of travel that aim, respectively, to maximise the advantages for UK industry from the global shift to clean growth, and decarbonising all sectors of the economy through the 2020s. Innovation is a core theme of both, with some funds available, for instance, to respond to core challenges such as transforming the construction sector and creating smarter, more efficient energy systems. The UK Government's 25 Year Environment Plan provides additional national policy context to the LSDC's wider green finance work with for example the ambition to embed the principle that new development should result in net environmental gain. The need for innovative financing mechanisms, including from the private sector, is highlighted in the plan.
 - In 2017, the Government – as part of its Clean Growth Strategy – established an independent taskforce to explore ways to accelerate the growth of green finance and the UK's low carbon economy. The Green Finance Taskforce report sets out recommendations on how government and the private sector can work together to make green finance an integral part of the UK's financial services – which has clear ramifications for London. Government is expected to respond by October/November 2018, but it has recently taken the first action of announcing a new Green Finance Institute in London. This body will be funded by government and the City of London, to help build and promote the UK as a world-leading centre for green finance.

¹ See e.g. the [draft London Plan](#), which identifies the gap between infrastructure needs and the funding available to develop it as a major obstacle to supporting the city's long-term growth

² C40 cities and CDP (2016). The low carbon investment landscape in C40 cities. Available [here](#).

³ <http://ow.ly/QO9m30gptdV>

⁴ The GLA is currently commissioning work through ARUP and Element Energy to look in more detail at the optimal roll-out of energy efficiency and the wider system energy infrastructure needed to meet zero carbon by 2050, including through for, example electric vehicle charging.

- The National Infrastructure Commission was established in 2015 to provide central government with impartial, expert advice on major long-term infrastructure challenges. It recently released its first National Infrastructure Assessment, whose proposals for the UK's economic infrastructure included those that would support half of the UK's power to be provided by renewables by 2030, three quarters of plastic packaging to be recycled by 2030, 100 per cent electric vehicle sales by 2030, resilience to extreme drought, and a national standard for flood resilience for all communities by 2050. The government has committed to respond to the recommendations, which could provide the additional policy certainty that is a precondition for making the kinds of investments in sustainable infrastructure that London (and the wider UK) needs.

1.5. Against this backdrop, the LSDC has established a work programme, working closely with the GLA and others, designed to identify the actions needed to create demand for low carbon projects and options to finance these and wider environmental programmes in the capital.

2. Objectives and expected outcomes

2.1. The objective of the LSDC's green finance work is to identify and promote the actions needed to create investment demand for London's environmental programmes at scale and facilitate the flow of finance into these. The expenditure in this decision document will support this objective by:

- Identifying London-specific barriers and opportunities in relation to financing the zero-carbon transition and wider environmental programmes in London, and recommendations to overcome these. These will be captured in a report produced by the consultant for the LSDC. There are multiple audiences for this report, including the Mayor, GLA, central government, the City of London, the investor community, and decision-makers in London boroughs and other public bodies. They will include policy and programmatic recommendations, both from a demand and a supply perspective.
- Seeking stakeholder feedback on the options and recommendations identified in 2.1.1, via a peer-review workshop.

3. Equality comments

3.1. The selection of consultant(s) to deliver the work will be done through a competitive tender process. Small- and medium-sized enterprises will be encouraged to bid. The quotation evaluation process will take account of the following, which includes conformance of the GLA's policies on responsible procurement, and equality and diversity:

	Weighting(s)
Quality of proposal	35%
<ul style="list-style-type: none"> • Demonstrates understanding of the requirements with an effective approach/methodology to collecting, collating and analysing data relating to the project requirements. 	
Technical capabilities and capacity	40%
<ul style="list-style-type: none"> • Provides clear evidence of relevant expertise, inclusive of CVs • Provides evidence of undertaking similar work 	
Demonstrates conformance with the GLA's policies on responsible procurement, equality and diversity	5%
Total Technical Weighting	80%
Assessment of value for money against the	20%

project budget - proposals will be recognised for being proportionate to the amount of time and budget available	
Total Commercial Weighting	20%

3.2. The final outputs will be produced with consideration to making them accessible to Londoners, with non-technical summaries available for the public.

4. Other considerations

4.1. Key risks and issues

	Risk description (cause, 'risk event', potential impacts)	Mitigation/Risk response (state if the response is done or pending)	Probability (1-4)	Impact (1-4)	RAG
1	Incorrect profile and insufficient number of reviewers attending the workshop, leading to recommendations that are informed by a narrow stakeholder opinion / expertise set.	Instruct the consultant to use the wide-ranging LSDC networks to identify a lengthy list of suitable attendees. Ensure the consultant allows sufficient lead-in time to allow the right profile and numbers to attend.	2	4	Red
2	Working paper not ready in time for the peer review workshop.	Start project asap and hold regular catch-ups with the consultant to ensure milestones are met.	2	4	Red
3	Reputational risk should the final document be below the expected quality or include recommendations that are not relevant to London.	The draft working paper and final report will be subject to peer review by several people, including LSDC commissioners and secretariat, GLA officers etc.	1	3	Amber

4.2. Links to Mayoral strategies and priorities

- Mobilising public and private sector finance to deliver the scale and speed of action required to meet the Mayor's goal of being zero carbon by 2050 and achieve his wider environmental ambitions, including the transition to a low carbon circular economy, are important challenges highlighted in the London Environment Strategy. This work will provide advice and options of direct relevance to several items in the strategy, including the following related to enabling the transition to a zero carbon London and growing the low carbon environmental goods and services sector in the capital:
 - Under Proposal 6.1.1a – "To help finance energy efficiency improvements and cleaner and low carbon generation the Mayor will investigate new finance arrangements."
 - Under Proposal 10.1.1.e – "The Mayor will work with stakeholders from across the financial and environmental sectors to develop financing mechanisms."
- The outputs of the work will also support the draft Economic Development Strategy, by identifying options for financing London's low carbon environmental goods and services sectors.

4.3. Production of the outputs of this work will be developed with consultation with key GLA teams who cover the issues and areas of focus for the report. There are no data protection, health or safeguarding considerations related to this work.

5. Financial comments

5.1. Assistant Director's approval is sought for the expenditure of up to £25,000 to engage a consultant that will undertake research and analysis, conduct a stakeholder workshop to produce a report for the London Sustainable Development Commission about financing environmental programmes in the capital, and for the design and print of this report. This is to be funded from Environment team's 2018-19 programme budget for Sustainable Development Programmes.

6. Planned delivery approach and next steps

6.1. Delivery will require the following key steps:

- Procurement of a consultant to:
 - Develop a draft working paper (which will be informed by *inter alia* outputs from a series of exploratory roundtables on green finance convened by the LSDC, key London and national policy and strategy documents, additional desktop research and bilateral meetings as required).
 - Design and delivery of a peer-review workshop to test the narrative, vision, issues and barriers, and headline recommendations in the draft working paper.
 - Develop a final report based on outputs of the peer-review workshop, the audience for which includes the Mayor, GLA, central government, the City of London, the investor community, and decision-makers in London boroughs and other public bodies.

6.2. Indicative timetable

Activity	Timeline
Procurement of contract	w/c 17 September 2018
Contract implementation date	w/c 24 September 2018
Inception meeting with LSDC Green Finance sub-group	w/c 24 September 2018
Draft workshop paper	w/c 15 October 2018
Peer review workshop	w/c 5 November 2018
Finalise report	w/c 26 November 2018
Launch report	w/c 26 November 2018

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 publication will be deferred until the procurement has been completed.

Until what date: (a date is required if deferring): 1 October 2018

Part 2 - Sensitive information

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

Haley Bowcock 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.

✓

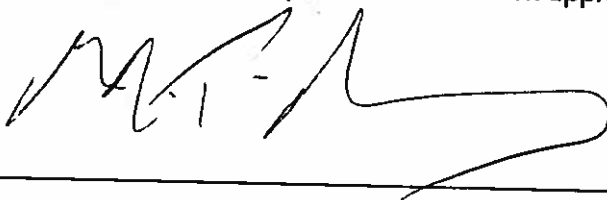
Corporate Investment Board

This decision was agreed by the Corporate Investment Board on the 3 September 2018.

HEAD OF FINANCE AND GOVERNANCE:

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

Signature



Date

03-09-18