

Retrofit London

Warmer Homes Social Housing Fund Strategic Partnership

| Partnership Governance | |
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| Consultation Document | |
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| Version | Author(s) | Date | Description |
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| 2.0 | Jack Ostrofsky | 27.09.2024 | Presents a recommended governance models for comment and approval. |

1. Introduction:

- 1.1. A robust governance model is critical for our grant application and vital to assure a successful three-year Strategic Partnership.
- 1.2. We have tested various models for agile decision-making and fair representation, learned from existing consortia, considered operational costs, and acknowledged the importance of the emerging London Office of Retrofit - key findings:
 - Grant reallocation in partnerships like this will be hasn't been an issue yet.
 - The increased size of our partnership makes the approach outlined in the previous head of terms too unwieldy and therefore redundant.
 - The London Office of Retrofit that will be comprised of existing Retrofit London and GLA resources will have an important enabling role for supporting the partnership.
- 1.3. Note, once a grant award has been made to the Partnership, our mobilisation plan shall include detailing the finalised (subject to your approval) governance model with:
 - A. Terms of Reference
 - B. Programme Plan
 - C. Relevant operations manual(s)

2. Principles

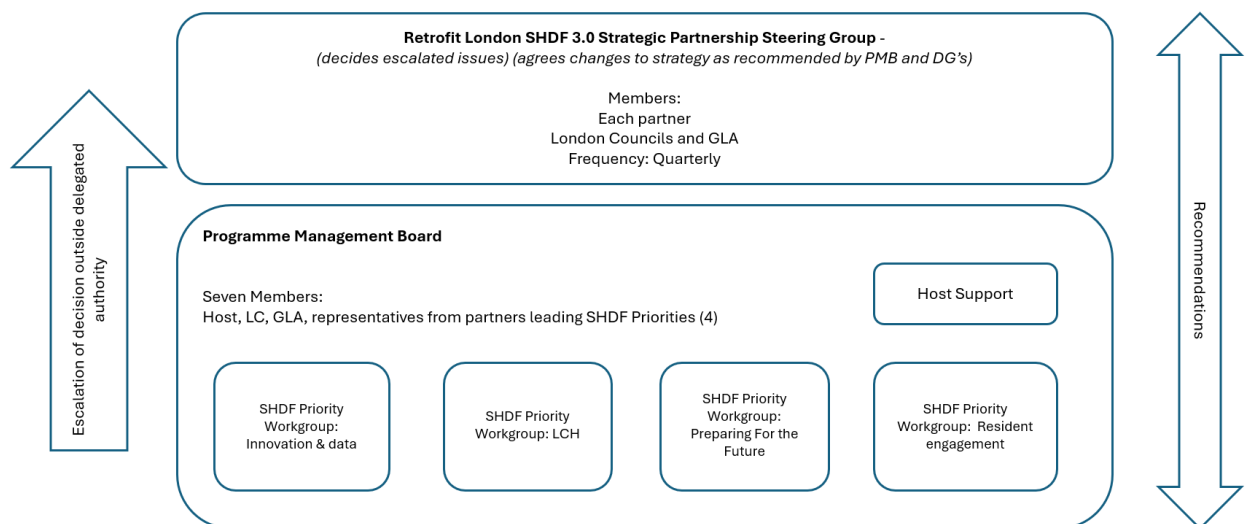
- 2.1. Decision making and change control across the partnership shall be transparent and directed by pre-agreed processes, criteria, and thresholds.
- 2.2. The foremost concern identified in workshops and consultations was unspent grant. Fortunately, we know from benchmarking several large SHDF consortia this is rarely an issue. To manage this we devised a 'cascade protocol' with clear escalation routes

to transparently move funds to partners that have co-funded projects ready to go.. Essentially this delegates authority to the programme management board level with clear safeguards that trigger escalations for review in the unlikely case of disagreement.

- 2.3. The London Office of Retrofit and Innovation (LORI) primary role with our partnership will be offering funding along with programme and delivery resources. LC and GLA members of LORI are proposed to have a minority presence on both the steering group and programme management board, essentially the same role simply rebadged. LORI is likely to become formal during the life of the programme but will remain separate from the governance of the partnership.

3. Heads of Terms Model

- 3.1. This is described because it is the existing point of reference and presents the baseline governance framework. The roles, responsibilities, and functions remain valid and relevant even if membership needs to change.



3.2. Steering group

- **Role:**
 - Steer strategy for the partnership and act as ultimate decision-making authority on matters affecting the grant, capital delivery and strategic priorities of the partnership.
- **Responsibilities:**
 - 1) Provide oversight on the strategic performance of partnership and make recommendations accordingly to the Programme Management Board.
 - 2) Approve any changes to the management of the DESNZ grant agreement, changes to the Terms of Reference and or Programme Plan (outside of the scope or delegated authority) as appropriate.
 - 3) Resolve any strategic or directional issues with the programme or between Partners.

- 4) Decide reallocations that cannot be managed via the pre-agreed cascade process and approve any changes to the process that may be recommended by the Programme Management Board.
- Attendees:
 - Maximised for representation – all members.
 - Decision making
 - By majority decision.
 - Chair having the deciding vote in the event of a tie (e.g. abstention by one party).
 - Provided that Housing Association grouping is not opposing in its entirety.
 - Provided that no Delivery Grouping is opposing in its entirety.

3.3. Programme Management Board (PMB)

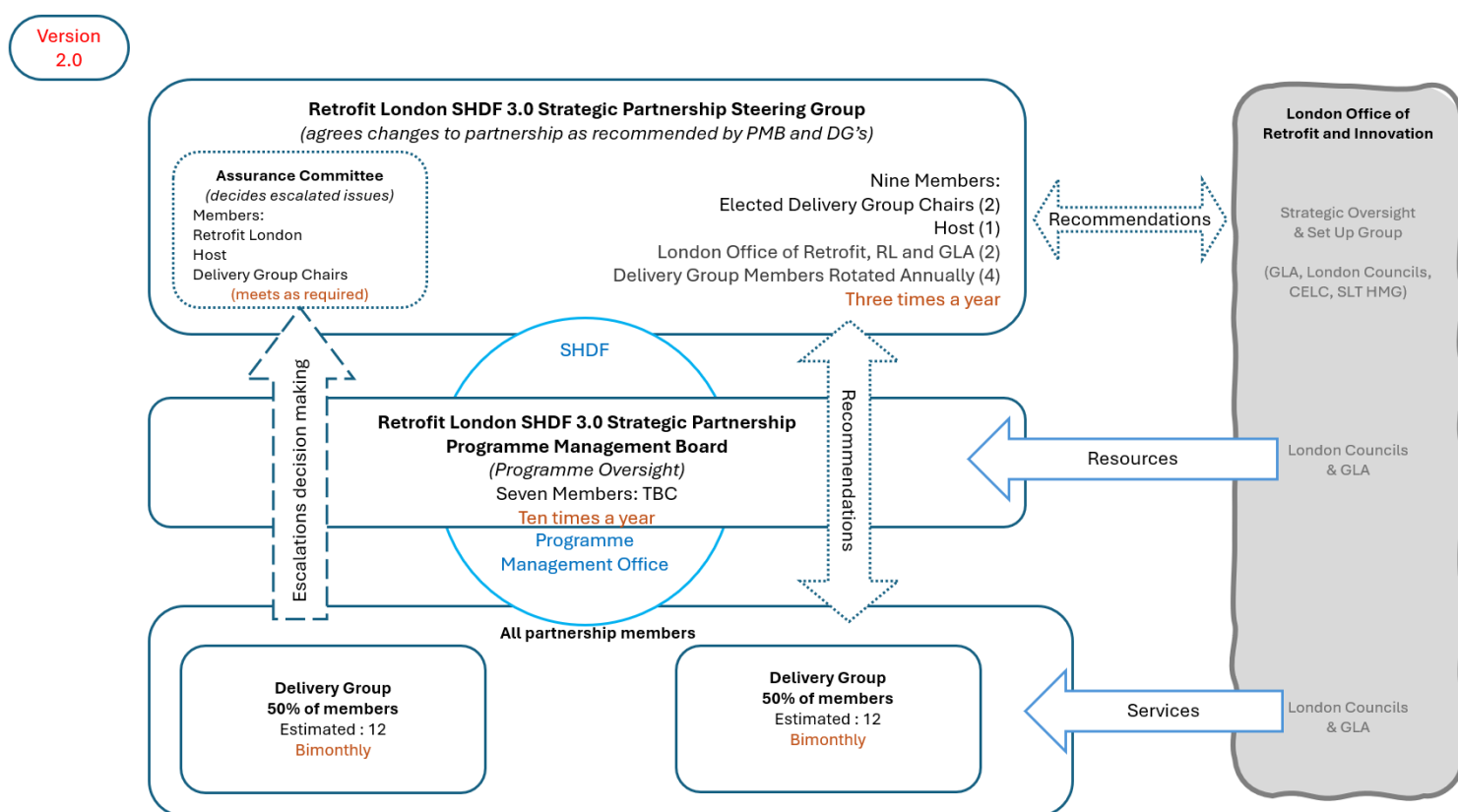
- Role:
 - Implement the strategy for the partnership by overseeing the programme management office and coordinating collaboration with members and key stakeholders.
- Responsibilities:
 1. Escalate issues affecting the strategic direction of the partnership or issues between members as appropriate.
 2. Recommending changes to the management of the DESNZ grant agreement, the terms of reference and/or Programme Plan outside of the scope or delegated authorities.
 3. Coordinating the activities and resources of members and external stakeholders to achieve delivery and strategic objectives including:
 - Ensuring central services are being delivered satisfactorily.
 - Authorising grant allocation/reallocation on behalf of the host borough.
 - Monitoring compliance with cost caps, approval of change control within threshold and other reporting to DESNZ and members on KPIs.
 - Authorising PMO reports on matters affecting the grant, capital delivery and strategic priorities and related services.
 - Ensuring relevant PMO operational manuals are relevant and up to date.
- Membership:
 - Host Borough
 - London Councils Programme Manager
 - Working groups chairs
 - GLA representative
- Frequency:
 - Monthly [4 weeks] or as needed to manage performance of the partnership. The Programme Management Board is responsible for:
- Decision making:
 - All decisions require approval by a simple majority (50%+) decision from members.

4. Representation model

4.1. The size of our partnership prompted an evolution from the above baseline into this recommended model that features:

- The existing roles, responsibilities, and decision making are delegated/assigned up to representatives nominated from within the partnership in the same oversight and management bodies.
- We are proposing Delivery Groups to focus members on delivering the supporting services for our Strategic Priorities.
- More clarity on the services being offered to the partnership by the emerging 'London Office of Retrofit and Innovation' and its support and enabling function.

4.2. Details on thresholds and escalation routes will be defined in Terms of Reference after mobilisation and approved by the Steering Group.



4.3. Steering group

- Role:
 - As above: Steer strategy for the partnership and act as the ultimate decision-making authority on matters affecting the grant, capital delivery and strategic priorities of the partnership.
- Responsibilities:
 - 1) to 3) As above in Heads of Term model.

- 4) As above but there will be a select committee convening only as needed to decide reallocations that cannot be managed via the pre-agreed cascade process, it will comprise of stock owning partners only.
- Membership - reduced for effective discussion and decision making.
 - Host Borough
 - Delivery group chairs(two)
 - London Councils
 - Greater London Authority representative
 - Delivery Group members on a annual and voluntary basis (up to four)

4.4. Programme Management Board (PMB)

- Role (as above, for reference):
 - Implement the strategy for the partnership by overseeing the programme management office and coordinating collaboration with members and key stakeholders.
- Responsibilities (as above) plus:
 - 4) Provide robust control of the Programme Management Office (PMO) and its resources on behalf of the partnership.
 - 5) Monitor risk and manage grant reallocations within the partnership, escalating decisions that cannot be resolved via the pre-agreed cascade process.
- Membership
 - Existing staff from Retrofit London and GLA.
 - Partners/members as appropriate (TBC via consultation and written in Terms of Reference).

4.5. Programme Management Office

- Role – administration and programme management.
- Responsibilities –reporting, programming, financial management for host, secretariate for governance.
- Membership –consultants and/or new employees.

4.6. London Office of Retrofit and Innovation

- Role
 - Support, enable and champion the partnership at the regional level.
- Responsibilities
 - Offer recommendations at the strategic level.
 - Support the Programme Management Board likely to have dedicated officers (2) and manager.
 - Provide services, project management, and working group secretariate functions.
 - Membership - existing staff from Retrofit London and GLA.

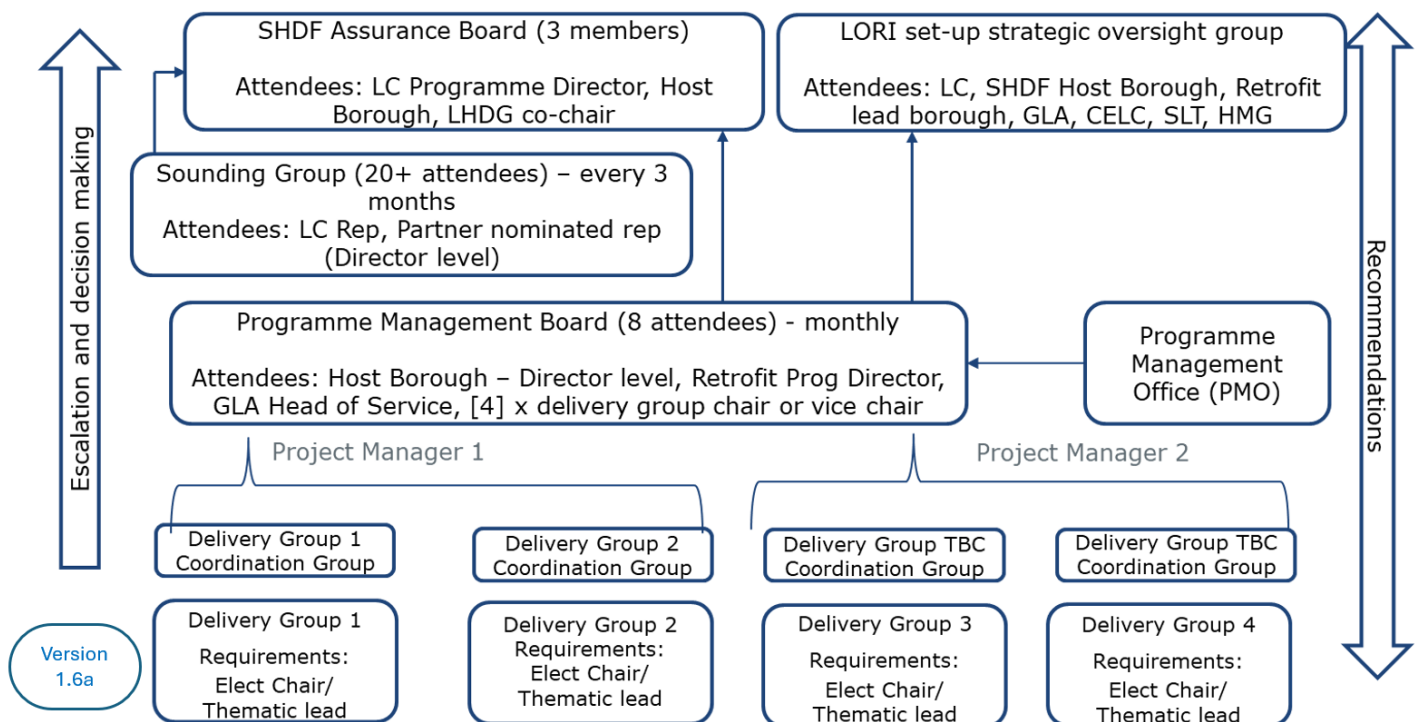
4.7. Delivery Groups

- Role: underpin the partnership by:

- Providing regular and close oversight on delivery by monitoring delivery progress and giving the partnership early warning for potential grant reallocations.
- Provide opportunities for all members to lead aspects of partnership.
- Facilitating focussed client oversight over centralised services aligned to partnership's Strategic Priorities.
- Membership:
 - Each member will be appointed to a group according to: geographical location of their WH SHF programme, member size, type, and retrofit experience.
- Frequency and format:
 - Each Delivery Group will have secretariat support provided by the Programme Management Office.
 - Monthly meetings to review delivery on programme in their groups, knowledge share, and problem solve. Where grant needs to be reallocated, the Delivery Group will alert the Programme Board in accordance with the cascade.
 - Act as client reference group at project gateways for the PMO setting up.
 - Provide centralised services on behalf of the partnership and shadow LORI.
 - Nominate a Delivery Group chair and vice chair to represent the Delivery Group at the Programme Management Board. The Chair and Vice Chair will act as each other's alternate and attendance at a Programme Board will be agreed dependent on the agenda.

5. Executive Model

5.1. This and other similar approaches were considered. This concentrates decision making in small groups for agility but we think it falls short on representation and would be expensive to run.



5.2. SHDF Assurance Board Leadership

- Purpose:
 - Provide strategic oversight to the programme and acts as ultimate decision-making authority on matters affecting capital delivery of the SHDF programme.
- Responsibilities:
 - Set the strategic direction of the partnership.
 - Resolve any strategic or directional issues arising within the programme or between Partners escalated from Programme Management Board as appropriate.
 - Approve changes to the management of the DESNZ grant agreement.
 - Approve changes to the Programme Plan outside of the scope or delegated authorities.
 - Approving grant reallocations during delivery that cannot be resolved via the pre-agreed cascade process.
 - Nominated to the LORI set up & oversight group to ensure learnings from SHDF programme shape future opportunities for the Collaboration.
- Membership:
 - Minimised for agility. multi-disciplinary, excepting the Host, members not present on Programme Management Board for independence.
 - Host present recognising accountability per grant terms.
 - London Councils Climate Programme Director or senior director.
 - Senior Partner housing lead – Executive Director Level or LHDG (co)-chair.
- Decision making
 - By majority decision with the Chair having the deciding vote in the event of a tie (eg abstention by one party)
 - Provided that Housing Association grouping is not opposing in entirety.
 - Provided that no Delivery Grouping is fully opposed.
- Frequency: meets every [3] months or as needed by correspondence to provide oversight for the partnership:

5.3. Sounding Group

- Purpose:
 - Create the forum for setting the mandate given to the **senior borough lead** sitting on the SHDF Assurance Board for any change controls which exceed the thresholds delegated to the Programme Management Board or which have not been agreed by Programme Management Board.
- Membership
 - London Councils Climate Programme Director or senior London Council director
 - Accountable Director for retrofit delivery within each partner
- Frequency:
 - meets every [3] months 2 weeks in advance of SHDF Assurance Board – in recognition of likely availability of members

- Decision making: All decisions referred to the Steering Group require approval by a simple majority decision from members, with the following controls:
 - Provided that Housing Association grouping is not opposing in entirety.
 - Provided that no Delivery Grouping is fully opposed.
 - Provided that Host Borough (or their individual with delegated authority) is in attendance and votes.

5.4. Programme Management Board (PMB)

- Purpose:
 - managing compliance with cost caps,
 - oversee the delivery of the Programme Plan against contractual KPIs,
 - ensure the coordination of collaborative activities to achieve programme outcomes,
 - approval of change control within thresholds.
 - escalating risks and issues to the Assurance Board as appropriate.
 - Authorising grant allocation/reallocation on behalf of the host borough and other changes in accordance with the Programme Change Control regime.
- Membership:
 - Host Borough
 - London Councils
 - Partner organisations represented by the chair or vice chairs of the working groups
 - GLA representative
 - Frequency is [4] weeks or as needed to manage performance of the partnership.

The Programme Management Board is responsible for:

 - Ensuring central services are being delivered according to agreed service levels.
 - Reporting to DESNZ and members on KPIs.
 - Monitoring and coordinating the retrofit delivery programme.
- Decision making: All decisions require approval by a simple majority decision from members, with the following controls:
 - No more than one delivery grouping is opposed.
 - Provided that Host Borough (or their individual with delegated authority) is in attendance and votes.
 - alternate must be confirmed in writing two working days prior to the Board meeting.
- Once SHDF Programme Board or SHDF Assurance Board approves Change Control, PCR submitted to DESNZ and follows DESNZ process.

Appendix 1: Reallocation cascade principles (DRAFT):

1. Reallocation of subsidy within year

- 1.1. During delivery it is foreseeable that some partners will be unable to deliver their commitments in time frames dictated by DESNZ. The partnership must commit to the grant provider that it will deliver its overall commitment and a key partnership

aim is avoid relinquishing grant, therefore a reliable approach to reallocate grant is fundamental

1.2. we propose to empower the Programme Management Board to managing grant reallocations firstly according to pre-agreed criteria and contingency bank of projects with co-funding in place. The proposed criteria in order of priority is below:

- Members who are able, will preregister their individual contingencies into a list that the Programme Management Board will maintain and manage. This will require eligible properties, with confirmed co-funding ability from the organisation, and supply chains who are able to mobilise in 12 weeks.
- Property lists which best meets the profile of drop out, in terms of quantity, EPC band, wall type, and measures will be selected.
- If all is equal, property lists which best demonstrates one or more Strategic Priority will be selected.
- In any and all of the above cases, where matters are equal, decisions would be escalated via the agreed governance process

2. Where a reallocation proposal can be agreed within the terms of the cascade and the overall impact on the programme KPIs is within a tolerance threshold, the recommendation can be endorsed at a delivery cohort level and agreed at Programme Management Board. Where it is outside the cascade or is not agreed at Programme Management Board, it will be escalated to the SHDF Assurance Board.

- Thresholds and escalation routes
 - Thresholds: Matters require decision are determined based upon percentage impact upon the programme performance (e.g., spend, delivery performance – homes delivered).

| Performance vs Baseline (across Programme) | Decision at SHDF Programme Board | Decision at SHDF Assurance Board |
|--|----------------------------------|----------------------------------|
| Behind baseline by 2% or less | Yes | N/A |
| Behind baseline by more than 2% | No - Escalated | Yes |

- Escalation Routes: Matters exceeding thresholds (outlined above) are escalated from Programme Management Board to SHDF Assurance Board.
 - Programme Change Control(PCR): Members or the PMO identify PCR is required, if a baseline scheme can no longer deliver to their original number of homes/timeframe. The cascade is used to identify an alternative recipient. If the change to programme is less than thresholds set out above, decision made at SHDF Programme Board. If exceeds threshold, escalated to SHDF Assurance Board for decision.

3. Low Carbon Heating Incentive

3.1. Ten percent of homes in our grant application will benefit from the new optional low carbon heating incentive of £20,000 per home on the gas grid that we decarbonise. The main priority is to ensure London receives all of this incentive in our application.

- 3.2. The partnership creates flexibility to reassign each £20,000 incentive that any member elects or cannot to utilise.
- 3.3. To ensure fairness for any organisations able to utilise reallocation we propose deciding in advance by agreeing a set of criteria and generate a pre-agreed list.
- 3.4. Members in the position to absorb extra incentive would submit a list of target properties for assessment, potentially according these criteria, in this hierarchy:
 - 1. The profile of properties (quantity, type, and anticipated measures of homes) and determines which best demonstrates one or more Strategic Priorities of the fund.
 - 2. If all is equal, properties further progressed through feasibility and design process will be favoured.
 - 3. If all is equal, decision is escalated via the agreed governance process – either the head of terms plus model or the federated model once agreed.
- 4. Eligibility for measures on properties above EPC band C
 - 4.1. Similarly, 10% of homes starting at or above EPC band C are eligible, we anticipate this will be especially useful for London and our infill and block retrofits, if members are able to release this allowance to the partnership, it would be reallocated in a similar way.

6. Superseded for reference only

