

Date: 17th June 2022

Lord Callanan
Minister for Business, Energy and Corporate Responsibility

The Mayors Office
21 Market Street
Ely
CB7 4LS

E: Minister.Callanan@beis.gov.uk
(by email only)

Dear Lord Callanan,

The Cambridgeshire Peterborough Combined Authority is the 'Accountable Body' for the Greater South Eastern Net Zero Hub (GSENZH), which covers 136 Local Authorities.

I am writing on behalf of the Leaders of the Cambridgeshire & Peterborough Combined Authority constituent local authorities to request BEIS and HMT provide an extension to the GHG LAD Phase 2 scheme for GSENZH region to 30th December 2022 and the Sustainable Warmth Programme to December 2023. This will allow the GSENZH to continue with the challenging job of growing a sustainable supply chain to deliver energy efficient measures to the region's most vulnerable households.

The scheme has had an overwhelming response. Pressures from increasing fuel prices, the cost of living and inflation is driving demand and there have already been over 13,000 households referred across the region.

The Combined Authority and GSENZH were the first to launch procurements, publishing in January 2021 ahead of the issue of BEIS to ensure contractors would be in place for a summer 2021 commencement. GSENZH faced a number of reoccurring supply chain challenges with 5 out of 10 delivery organisations withdrawing during the procurement period citing insufficient capacity to deliver LAD2 due to LAD1 extensions. In October 2021, of the 4 successful bidders, 3 withdrew to work on another LAD programme that offered higher fees [REDACTED] and costed for in the south east, this delayed project commencement by 6

[REDACTED] The GSENZH, local authorities and our delivery partner, Warmworks, have been working hard to overcome some significant barriers to delivery, including supply chain capacity, trust in Government schemes and quality issues with Retrofit Assessors and installers. The Combined Authority Energy Efficiency Measure Dynamic Purchasing System (DPS) is a successful model of how to grow a sustainable supply chain and now has 56 approved installers of which 26 are delivering LAD2.

However, more work needs to be done and we are leading the way on organising round tables to appoint industry experts to undertake studies and working with training commissioners and providers to develop a pan south east infrastructure to support retrofit business growth, new entrants and career pathways.

The delay in the decision by HMT to extend the LAD2 programme to 30th Sept 2022 has resulted in a £7.5million pipeline of social housing projects being on hold for over 3 weeks as projects couldn't be processed in time ahead of the June hard stop. The delays in decisions

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and repeated short-term extensions leads to a stop start approach, that erodes supply chain confidence and trust and exacerbates long delivery timelines.

The extended delivery period for LAD2 will impact Sustainable Warmth, as LAD1 has impacted LAD2, and we are calling for an extension to the Sustainable Warmth programme to at least December 2023. This would enable the GSENZH and 136 LAD2 local authorities to maximise the number of homes that benefit from LAD2 funding and to deliver the full allocation of funding to the 64 local authorities in the Sustainable Warmth consortia as well as giving us time to increase the supply chain.

Since submitting the GSENZH Sourcing Strategy in February 2021, the Combined Authority has had to become the Lead Authority delivering LAD2 on behalf of all the Local Authorities in the South East, except for Suffolk, Surrey, twelve London Boroughs and five local authority social housing projects.

All other local authorities, either did not have the staff resource available, the knowledge and capability and in most cases were, already delivering LAD Phase 1 projects.

The GSENZH covers 46% of the population across a large and diverse area with significant fuel poverty and a less established retrofit supply chain than other parts of the country. The scheme has taken time to mobilise but is now gaining traction in its supply chain and delivery is increasing.

There remains overwhelming support for the work of the GSENZH and the prospect of grant funding being unnecessarily returned to BEIS unspent, in the middle of a cost-of-living crisis is an unacceptable outcome for the residents of the south east.

I hope for the reasons outlined above our request for the extensions of the LAD2 and Sustainable Warm Programme will be considered.

Yours Sincerely,



Dr Nik Johnson
Mayor of Cambridgeshire & Peterborough

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