

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3132

Title: Fuel poverty and retrofit programmes 2023-2025

Executive Summary:

The Mayor wants to make London a net zero-carbon city by 2030, while at the same time protecting the most disadvantaged by tackling fuel poverty.

The Mayor's Warmer Homes programme has operated since January 2018 and has provided £14.5m (and has leveraged third party funding) towards providing heating and insulation improvements to homes in or at risk of fuel poverty. By April 2023 it had improved 4,505 homes. The Warmer Homes Advice Service has operated since February 2018 and had supported over 21,500 households by March 2023.

The energy crisis has hit low income Londoners hard, and this decision request is to continue to provide additional funding for both the Warmer Homes grants programme and Warmer Homes Advice Service providers (£2,600,000 and £370,000 respectively during the financial year 2023-24).

To supplement the Mayor's funding, the GLA has successfully bid to the Department for Energy Security and Net Zero for £12,006,000 from the Home Upgrade Grant 2 competition for use in London in 2023-24 and 2024-25. This competition was aimed at supporting low income households in England, living in energy inefficient homes off the gas network by installing energy efficiency and low carbon heating upgrades. This decision request proposes formal acceptance and expenditure of this funding.

Finally, expenditure of £950,000 is sought for a new Retrofit London programme, including projects to develop future energy advice provision and increase London's share of retrofit funding.

Decision:

That the Mayor:

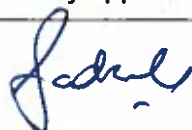
1. approves:
 - expenditure of £2,600,000 of Mayoral Warmer Homes funding on homes in the owner-occupied and private rented sectors
 - expenditure of up to £370,000 on a fifth round of the Warmer Homes Advice Service
 - receipt and expenditure of £12,006,000 of Home Upgrade Grant 2 funding from the Department for Energy Security and Net Zero
2. delegates authority to the Executive Director of Good Growth to approve, through a subsequent Director Decision form, expenditure of up to £950,000 on a Retrofit London programme, including the development and assessment of options for an improved cross-London delivery framework. The approval and implementation of any subsequent new delivery framework would be subject to a separate Decision.

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:

25/7/23

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 net zero-carbon city by 2030, whilst protecting the most disadvantaged Londoners by tackling fuel poverty. This is a stretching ambition given the scale of fuel poverty and the low take-up of energy-efficiency measures. Tackling fuel poverty is key to London's recovery from the COVID-19 pandemic and works to achieve two of the London Recovery Programme's priority missions: A Green New Deal and a Robust Safety Net.
- 1.2 In 2022 there were an estimated 471,000 households living in fuel poverty in London, which equates to 13.2 per cent of all households. The Mayor has set out his programme of actions to address fuel poverty in London (consistent with his powers) in his Fuel Poverty Action Plan.
- 1.3 Low-income Londoners are facing a cost-of-living crisis, with the ongoing impacts of coronavirus exacerbated by rising energy prices, tax increases and rising inflation. Since October 2020, the price cap on energy bills has risen significantly, and even anticipated reductions this year will still leave energy prices well above their long-term average level. Alongside the ending of the uplift on Universal Credit and inflation running at over 8 per cent, with food inflation higher still, many households in London are struggling with fuel bills and other costs. Polling in May 2023 showed that 22 per cent of Londoners are struggling financially.

Warmer Homes programme Mayoral funding

- 1.4 Warmer Homes has been running since January 2018, with an overall investment from the Mayor to date of £14.5m, alongside match-funding of £46m from central government, energy suppliers and boroughs. By April 2023 it had improved the homes of 4,505 Londoners.
- 1.5 It is proposed to allocate Mayoral funding totalling £2.6m to the Warmer Homes programme in 2023-24. This will be split into two parts: £2.5m in grants to households, and £100k in service management fees to the contractor.
- 1.6 The grant maximum will initially be fixed at £14,000 per household, available to qualifying low-income owner-occupiers and private tenants. This will enable at least 178 households to receive funding in total. This grant amount per household will be kept under review. The increase from the current £5,500 maximum is proposed principally to cover higher costs of more extensive fabric improvements and low carbon heating.
- 1.7 In the past, almost all installations using Mayoral Warmer Homes funding were those of gas boilers and full central heating systems. For 2023-24, in line with the Mayor's Net Zero target, gas boilers and gas central heating systems will only be installed in exceptional circumstances where a heat pump is not viable, and the householder is extremely vulnerable. The criteria for deciding exceptional circumstance will be based on those used by Ofgem to prohibit forced installation of prepayment meters and will include the very old and those with serious health conditions. Members of the Fuel Poverty Partnership have been consulted on this.
- 1.8 Services required for the delivery of the programme will be procured, in liaison with TfL Procurement, by undertaking mini-competition exercise and award of a resulting call-off contract under the GLA's Framework for the Provision of Domestic Retrofit Measures (GLA81862), alongside that for delivery of the Home Upgrade Grant 2 funding (see 1.16-1.17 below).

Warmer Homes Advice Service

- 1.9 Warmer Homes Advice Service grant funding has been made available since February 2018 and by April 2023, it had led to over 21,500 London households being assisted, reaching low-income Londoners in every borough. It does this by stitching together existing fuel-poverty advice and referral networks into pan-London provision.
- 1.10 Grant funding has been provided to the boroughs of Islington, Kensington & Chelsea, and Lewisham as a contribution to their costs of projects which align with the objectives of the programme since the start. It is proposed that further funding be awarded to two of these boroughs to assist with the continuance of their projects. Kensington & Chelsea have indicated that they no longer have the capacity to deliver their project in West London and so Islington and Lewisham are the only boroughs capable of providing cross-borough services, with Islington taking over in West London from Kensington & Chelsea. Islington and Lewisham have successfully built a network of over 330 partner organisations. Although the current funding round ended at the end of May 2023, continuing to provide funding in this way will minimise any gap in provision.
- 1.11 Details and targets have been negotiated with the boroughs concerned and the areas covered. The funding allocations proposed are given in the table below:

Borough	Sub-regions covered	Funding allocation (£)
Islington	North, West, East	210,000
Lewisham	South West, South East	160,000

Home Upgrade Grant 2

- 1.12 Officers made a successful bid for £12,006,000 to the Department for Energy Security and Net Zero (DESNZ) for funding through the Home Upgrade Grant 2 ("HUG2"). In line with the requirements of the HUG2 programme, this will be used to improve the energy efficiency of 580 low-income low energy efficiency homes off the gas network.
- 1.13 Up to £300,000 of this will be awarded as grant funding to London Councils as a contribution to its project costs, working with their partners, to deliver corresponding engagement and applicant recruitment activity across the boroughs. Up to £306,000 will be retained by the GLA for contingency and costs, and the remaining £11,400,000 will cover the costs of works and contractor fees. Should approval be granted the programme will commence in Autumn 2023 and delivery (working with London Councils) will continue until no later than March 2025. We have received an initial payment of £1.8m and will receive the remainder in instalments upon making successful claims. Successful delivery to target dates will be dependent on the supply chain and the limitations posed by the challenging criteria set by government.
- 1.14 Procurement of services required for the delivery of the programme will be conducted in liaison with TfL Procurement, by undertaking mini-competition exercise and award of a resulting call-off contract under the GLA's Framework for the Provision of Domestic Retrofit Measures (GLA81862).
- 1.15 Any contract award will be subject to the TfL Commercial approval process and approval for the GLA by a senior member of staff (Assistant Director or above).

Retrofit London

- 1.16 Following the London Partnership Board's retrofit discussion at its March 2023 meeting, officers have been exploring options for a Retrofit for Net Zero London programme in collaboration with London Councils and other strategic partners and have secured approval in principle from the Deputy Mayor and Deputy Chief of Staff to proceed with programme identification and definition during the first half of this financial year. Early scoping work has focused on identifying a route map to reach a decision around potential pan-London retrofit delivery systems which could provide engagement and support to London's households and businesses and enable London to attract its fair share of funding.

- 1.17 An initial consultancy specification has been developed for the high-level identification and assessment of options for an overall pan-London delivery framework, aimed at overcoming barriers to delivery and providing an effective mechanism for the efficient deployment of retrofit funds. In parallel, core components of the Retrofit for Net Zero London programme will be identified for more detailed development, which could include fuel poverty and community engagement strategies, retrofit skills development, digital building passports, enhancements to the existing London Building Stock Model and advice services to prepare for digitalisation, along with area-based demonstrator programmes (developed in partnership with boroughs) to overcome barriers to retrofit delivery and further work on financing models.
- 1.18 This MD seeks the Mayor's delegated authority to the Executive Director of Good Growth to approve, through a subsequent Director Decision form, expenditure of up to £950,000 on the development of an ambitious Retrofit for Net Zero London programme as described above, including the development and assessment of options for an improved cross-London delivery framework. The approval and implementation of any new delivery framework identified through that programme of work would in due course be subject to a separate decision.

Summary of budget and resources

- 1.19 The table below provides a summary of the full budget request in this MD:

Funding source	Item	Value (£)
GLA	Warmer Homes 3 core funding – capital	2,500,000
GLA	Warmer Homes core funding – revenue	100,000
GLA	Warmer Homes Advice Service	370,000
GLA	Retrofit London programme	950,000
DESNZ	Home Upgrade Grant 2 (works and contractor fees)	11,400,000
DESNZ	Home Upgrade Grant 2 (engagement, applicant recruitment and GLA costs)	606,000
	Total	15,926,000

2. Objectives and expected outcomes

Warmer Homes 3 Mayoral funding

- 2.1 The expected key outputs from the grant programme are:
- Up to 178 low-income households supported – these households will benefit from a range of energy-efficiency measures, but principally the repair or improvement of heating systems and the installation of heat pumps to replace gas boilers
 - minimum annual fuel bill savings for Londoners of up to £32,000
 - minimum annual CO₂ savings of circa 93 tCO₂
 - minimum annual energy savings of circa 433,000 kWh.
- 2.2 Warmer Homes will be primarily focused upon addressing fuel poverty whilst providing the scope to extend into the 'Able to Pay' sector in future. Based on analysis undertaken by the Environment and Energy team and the policy proposals set out in the London Environment Strategy, there are several key principles to ensure the programme achieves the best possible outcomes and paves the way for increased uptake of home energy-efficiency packages to:
- support the most disadvantaged in society through grants to fuel-poor households

- provide a flexible approach to delivery to build on the success of Warmer Homes and meet residents' needs, regardless of tenure
- ensure high-quality outcomes by implementing best-practice standards; and build a trusted, London-based supply chain
- work with other programmes including London Power and the Retrofit Accelerator – Homes to maximise impact and share best practice
- work with partners, including London boroughs, to increase local delivery capacity
- contribute to the development of a strong evidence base to help lobby government.

Warmer Homes Advice Service

2.3 The expected key outputs from the Warmer Homes Advice Service 2023-2024 are:

- minimum of 3,330 low-income households supported
- minimum of 1,750 home energy-advice visits undertaken.

Home Upgrade Grant 2

2.4 The HUG2 grant funding will deliver energy efficiency improvements to up to 580 low income homes which are off the gas network.

Retrofit London

2.5 The Retrofit for Net Zero London programme is being developed in collaboration with London Councils and other strategic partners, with programme scoping and identification taking place in the first half of this financial year. Initial tranches of work are expected to focus on option identification and assessment of potential pan-London retrofit delivery systems that could provide engagement and support to London's households and businesses and enable London to attract its fair share of funding. Subsequent areas for more detailed development will be identified through that work.

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 not.

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).

3.3 The GLA will take appropriate steps to ensure there are no 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. 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.

- 3.4 BAME communities are almost 60 per cent more likely to be fuel-poor than White households; those with disabilities or long-term illnesses are 50 per cent more likely to be fuel-poor. The project team will therefore particularly engage with BAME communities, and people with disabilities or long-term illness; they are currently working with the NHS to develop London-wide pathways for the latter. The Warmer Homes team will make efforts to reach these populations through engagement with partners, particularly those represented on the Fuel Poverty Partnership such as the NHS and Runnymede Trust.

4. Other considerations

Links to Mayoral strategies and priorities

4.1 Relevant London Environment Strategy policy proposals:

- 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 Relevant Fuel Poverty Action Plan actions are:

- Earmark over £10m over the next four years for new energy-efficiency delivery programmes
- Implement a programme to help Londoners, particularly the long-term ill and disabled, through ensuring that they are getting access to all of the income support they are entitled to, including Benefit Entitlement Checks
- Provide a Fuel Poverty Support Fund of up to £500k over four years (2017-18 to 2020-21) to support the rollout of local advice and referral networks, including home-visiting services, as a way of helping to improve the living conditions of fuel-poor households
- Improve identification of vulnerable energy and water consumers and ensure that they are aware of support available to them
- Support the rolling-out of existing local authority and community advice and referral networks, as a way of helping to improve the living conditions of fuel-poor households
- Call on government to devolve Energy Company Obligation funds to the Mayor to disburse including through his Energy for Londoners energy-efficiency programmes.

- 4.3 The relevant Equality, Diversity & Inclusion Strategy objectives are Objective 4 – to lower the city's carbon emissions – and Objective 6 – addressing financial hardship.

- 4.4 The relevant Health Inequalities Strategy objective is: through the Mayor's London Food Strategy and Fuel Poverty Action plan, work with partners to tackle food poverty and fuel poverty and their impacts on vulnerable Londoners.

4.5 Relevant recovery missions are:

- A Robust Safety Net – the pandemic has impacted on Londoners' incomes and household bills and support from the Warmer Homes programmes will help to relieve hardship
- A Green New Deal – Londoners living in fuel poverty are more likely to experience cold, damp homes; the Warmer Homes programmes support them to use energy more efficiently and access funding for heating and insulation improvements. The programme will also help create new green jobs and skills for Londoners.

Governance

- 4.6 The Environment and Energy Unit will lead the delivery of the Warmer Homes funding, with existing staffing resource allocated to deliver this. A Project Board has also been established with representation from the London sub-regions, the GLA and London Councils.
- 4.7 The service provider for Warmer Homes reports to the Environment and Energy Unit on performance against KPIs on a weekly basis, as well as current and forecast activities for each work stream and programme-wide and project-specific risks and issues. The Environment and Energy Unit will in turn report to the Department for Energy Security and Net Zero on HUG2 delivery monthly.
- 4.8 There will be an overall Programme Board for all the projects outlined in this decision paper, bringing together relevant stakeholders and opportunities to make the most of and deliver consequential outcomes for London.

Key risks

- 4.9 The key risks to the delivery of this programme are set out in the table below:

Risk no.	Risk	Likelihood (1-4)	Consequence (1-4)	Rating	Mitigation
1	Not meeting programme timeframes.	2	4	8	A delivery plan would be prepared, and marketing activity increased significantly.
2	Low uptake of fuel-poverty grants scheme, including finding suitable properties.	2	4	8	The programme will be targeted in its outreach; will be data-driven; and will heavily involve the boroughs. The success of the marketing will be regularly reviewed. The Warmer Homes Advice Service and forthcoming energy advice service will also generate referrals and assist with outreach.
3	Continuing supply chain problems limit the ability to deliver.	2	3	6	A revised delivery plan would be prepared.
4	Insufficient specialist sub-contractors to deliver the	2	4	8	Regular reporting from our contractor on recruitment.

	different installations.				
5	Insufficient GLA staffing resources.	2	3	6	Resources will be secured in line with Mayoral priorities .
6	Low understanding and capacity to engage with the programme amongst fuel-poor Londoners due to economic stresses.	2	3	6	We are working with boroughs, community groups and other public services to engage vulnerable Londoners.

Conflicts of interest

- 4.10 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

5.1 Approval is requested for the following:

- expenditure of up to £2,600,000 of Mayoral Warmer Homes capital funding on homes in the owner-occupied and private rented sectors in 2023-24
- expenditure of up to £370,000 on a fifth round of the Warmer Homes Advice Service in 2023-24
- receipt and expenditure of £12,006,000 of Home Upgrade Grant 2 funding from the Department for Energy Security and Net Zero
- delegation of authority to the Executive Director of Good Growth to approve, through a subsequent Director Decision form, expenditure of up to £950,000 on a Retrofit London programme.

- 5.2 Of the proposed expenditure, the £2.5m Warmer Homes Capital Funding and £0.1m management fee expenditure, the £370k for Warmer Homes Advice Service and the £950,000 is all funded directly by the GLA. All expenditure is budgeted for within the approved Environment and Energy Unit budget for 2023-24 financial year.

- 5.3 The £12.006m Home Upgrade funding is new funding from the Department for Energy Security and Net Zero and is for 2023-24 and 2024-25 financial years. This funding is not budgeted for within the GLA's approved budget therefore relevant budget adjustments will need to be made. The grant will be paid partly in advance with £1,800,900 paid at the start of each financial year with the remainder paid via a grant claim process based on delivery.

- 5.4 The expected profile of the receipt of the HUG2 grant is shown below. The MoU with the Department for Energy Security and Net Zero sets out that it is expected funding will be spent within the financial year that it is received. As a result, towards the end of the financial year there will be a balancing process to ensure that the initial up-front payment is fully utilised to prevent any underspends needing to be returned if they arise.

	23-24	24-25	Total
Initial up-front payment	£1,800,900	£1,800,900	£3,601,800
Payments based on delivery	£4,202,100	£4,202,100	£8,404,200
Total	£6,003,000	£6,003,000	£12,006,000

5.5 The planned profile of expenditure is as shown below:

Programme	23-24	24-25
Mayoral Warmer Homes Capital	£2,500,000	
Mayoral Warmer Homes Management	£100,000	
Warmer Homes Advice Service	£370,000	
HUG 2 Grant	£6,003,000	£6,003,000
Retrofit London Programme	£950,000	

6. Legal comments

6.1 The foregoing sections of this report indicate that:

- (a) the decisions sought concern the exercise of the GLA's general powers, falling within the GLA's statutory powers to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of social development and the improvement of the environment in Greater London
- (b) in formulating the proposals in respect of which a decision is sought, officers must comply with the GLA'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 any decisions sought, 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 and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion) and persons who do not (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 5 (above) of this report.

6.3 The Mayor may delegate the exercise of the GLA's functions to the Executive Director of Good Growth as proposed should he wish.

6.4 If the Mayor makes the decisions sought, officers must ensure that:

- (a) no reliance is placed upon nor commitments made which rely upon the Home Upgrade Grant 2 funding until a legally binding commitment has been secured from the Department for Energy Security and Net Zero and officers are satisfied that their proposals for using the funding meet all of the conditions upon which it has been made available
- (b) all services, supplies or works required are procured in liaison with TfL Procurement and in accordance with the GLA's Contracts and Funding Code and contracts are put in place between and executed by the GLA and contractors before commencement of such services

- (c) the proposed award of grant funding is made fairly, transparently, in accordance with the GLA's equalities and with the requirements of GLA'S Contracts and Funding Code and funding agreements are put in place between and executed by the GLA and recipients before any commitment to fund is made.

- 6.5 In addition, to the extent that the proposals in respect of which decisions are sought involve the making of commitments which extend beyond the current Mayoral term, officers must ensure that the terms of all agreements entered into in respect of the expenditure do not have the effect of fettering the discretion of any successor administration, considering in particular the London elections taking place in May 2024. Accordingly, officers must ensure that all agreements which involve making such commitments include a GLA right to terminate at any point for convenience (at no cost to the GLA) and all such agreements are managed in such a manner, and any deliverables, milestones and/or output requirements are structured so as to mitigate risks of the GLA incurring abortive expenditure (which might be reasonably be taken to fetter, practically, the exercise of such discretion).

7. Activity table

Milestone	Date
Allocate the funds to extend the core Warmer Homes Programme	July 2023
Warmer Homes Advice Service recommences	July 2023
Director Decision paper for Retrofit London	July 2023
Completion of HUG2 technical assistance and procurement	September 2023
Completion of HUG2 Delivery Assurance Confidence assessment	October 2023
Commencement of HUG2 delivery	November 2023
Completion of 2023/24 Mayoral funding element of Warmer Homes	March 2024
Completion of Warmer Homes Advice Service 2023/24	March 2024
Completion of HUG2	March 2025

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? NO

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:

John Kolm-Murray 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 19 June 2023.

✓

INTERIM CHIEF FINANCE OFFICER:

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

Signature:



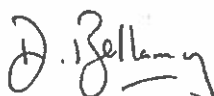
Date:

18 July 2023

CHIEF OF STAFF:

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

Signature:



Date:

18 July 2023

