

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD3175

Title: London Community Energy Fund phase seven

Executive summary:

This decision seeks approval for £450,000 to fund a seventh round of the Mayor's London Community Energy Fund (LCEF). This will support projects that applied to the oversubscribed sixth round but missed out on funding despite meeting all the criteria required. The funding will ensure a continued pipeline of community energy projects that help contribute to meeting the Mayor's targets.

The Mayor received over 120 applications from 62 community organisations for the sixth round of LCEF, requesting total funding of £1.6m. Following this, £400k of funding was offered to 28 projects – the maximum amount approved by the Mayor through MD3045. The scoring panel deemed 71 projects eligible for funding. Community Energy London would manage the administration of LCEF 7, utilising their expertise to offset staff resource constraints in the Environment team at the GLA. It is estimated that this additional funding could support up to 30 further community energy projects.

Decision:

That the Mayor approves:

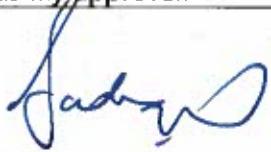
1. expenditure of up to £450,000 to support additional projects that applied to the Mayor of London's sixth round of the London Community Energy Fund (LCEF). This total consists of:
 - the award of up to £385,000 grant funding as a contribution to the costs of delivering additional LCEF projects
 - up to £65,000 on funding management and administration services from Community Energy London, including:
 - supporting eligible projects (via grant agreements) that applied to LCEF phase six, but did not receive funding
 - undertaking the reporting, claims and project management of all eligible projects from LCEF phase six including current projects
2. a related exemption from the requirement of the GLA's Contracts and Funding Code to undertake a single source procurement.

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: 07/11/23

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

Decision required – supporting report

1. Introduction and background

Background

- 1.1. The Mayor, along with other leaders, has declared a climate emergency, setting out an ambition for London to be a zero-carbon city by 2030. For this to be achieved, London will need to be supplied by a range of low-carbon and efficiently utilised energy sources. Solar photovoltaics (PV), smart technologies, renewable heating, community renewable heating and energy-efficiency measures will all play a key part in London's zero-carbon energy system. Continued support for solar panels on schools, community centres and industrial estates can play an important role in this, as can support for community energy groups that are helping their neighbourhoods transition to clean, local energy.
- 1.2. In 2021 the GLA commissioned experts Element Energy to analyse pathways for London to meet net zero by 2030. Their report, 'Analysis of a Net Zero 2030 Target for Greater London', set out four pathways for London to reach this target. The GLA's preferred 'Accelerated Green' pathway includes 1.5 GW of solar PV with increased action to support rooftop solar, which includes support for community energy projects.
- 1.3. Community energy groups are playing an important role in tackling the cost-of-living crisis affecting Londoners. Many community energy groups focus on tackling fuel poverty by using revenue generated through energy projects to fund face-to-face support to vulnerable members of the local community. They work through community networks based around community centres, schools, faith groups and other organisations to reach Londoners from diverse backgrounds.
- 1.4. Projects previously funded by the Mayor's London Community Energy Fund (LCEF) are helping to reduce energy costs in community buildings that are facing the challenges of energy price rises. For example, since 2017, grants awarded to Ealing Transition have supported 509 kWp of solar PV installations at 13 schools and two children's centres. The sites, which received these panels at no up-front cost, pay for the renewable electricity supplied at a lower rate than the average cost for grid electricity. If grid electricity averages 25p/kWh over the next ten years, the sites would save on average £60,000 per year. Assuming that the 2.6 MWp of solar installed from previous LCEF rounds support receive similar rates, these panels could be saving over £300,000 annually.
- 1.5. Buildings such as community centres, places of worship, school halls and libraries provide warm spaces for Londoners struggling to heat their homes. The managers of these buildings face challenges paying increased energy costs with limited support and access to funding for energy-saving measures. Recognising the importance of these buildings, the LCEF has provided support to assess the feasibility, and plan the installation, of energy-saving and low-carbon heating measures; and the installation of solar PV to help bring down the running costs for these sites.
- 1.6. Community energy also supports supply chain development in London's green economy. Community energy projects facilitate the sharing of knowledge and skills development, offering entry points into careers that are vital for a just transition to a zero-carbon economy. Community energy groups also focus on promoting energy efficiency and tackling fuel poverty, through financing or enabling the retrofit of measures that will reduce energy demand. These endeavours complement the objectives in the Mayor's London Environment Strategy and the Mayor's Solar Action Plan.

Rationale for LCEF support

- 1.7. The LCEF was established in 2017 and has supported 168 community energy projects over six funding phases. Under cover of MD2137, DD2200, MD2331, DD2417, MD2708, MD2862 and MD3045, a total allocation to the LCEF of £2,234,000 has been approved by the Mayor so far.

- 1.8. The removal of national feed-in tariffs, the Urban Community Energy Fund and the Non-Domestic Renewable Heat Incentive makes the economic viability for community energy projects a significant challenge. In 2017, the Mayor of London stepped in to support community energy by establishing LCEF that has continued to run over six rounds. Thanks to previous support offered through the LCEF, the capital has one of the most active networks of community energy groups across the UK with a significant pipeline of community energy projects. The Department for Energy Security and Net Zero has recently announced that it will resume regional funding for urban community projects. However, the proposed assessment criteria will be the same for urban and rural schemes, and on this basis is less likely to support smaller projects such as those funded through previous LCEF rounds.
- 1.9. When the funding application window was opened for phase six of LCEF, the Mayor received over 120 applications from 62 organisations across London, requesting a total of over £1.6m towards community energy projects. The LCEF scoring panel deemed 71 projects suitable for funding. With £400,000 allocated to the sixth phase (approved under cover of MD3045), the Mayor could only fund 28 projects. Once completed, these LCEF-funded projects are expected to support the development of up to 2.18 MW of solar PV capacity and increase the installed capacity by 0.45 MW across the capital.
- 1.10. £450,000 has been identified from the Good Growth Directorate's Environment team's Retrofit London budget that can be used to support community energy projects in the near term and that otherwise could not be used to fund retrofit projects. Without this support for community energy this financial year up to 30 additional LCEF projects would not happen. These projects are important to providing a continued pipeline of community energy activities, which could support the development of an additional 2 MWp, and the delivery of 0.5MWp, of community-owned solar PV generation. This funding would almost double the impact of the sixth round of LCEF. In addition, the funding would support community-led retrofit projects and engagement activities that boost green skills and community-led fuel poverty support.
- 1.11. In light of GLA resource constraints it is proposed that the additional funding be administered and managed by Community Energy London (CEL). The GLA has received a proposal from CEL to utilise their staff resources to administer further funding to LCEF applicants. CEL has a longstanding relationship with London's community energy groups, having supported and encouraged them by providing resources and a forum to share information.
- 1.12. CEL has proposed that it can supplement GLA staff resources by supporting the following activities:
- ensuring projects that were unable to secure funds from LCEF phase six can be supported through additional funding provided by the GLA; and managing the award of funding to these projects
 - providing funding agreements between CEL and agreed list of community energy groups for a new phase of LCEF
 - managing the LCEF programme for projects awarded funding under the new phase, as well as the current phase six
 - monitoring progress of projects; reporting; and providing a first point of contact for queries about the fund from funded projects
 - implementing data-sharing agreements that permit the GLA to monitor LCEF-funded projects after the grant-funding agreement period
 - responding to information requests from GLA officers and London Assembly Members.
- 1.13. Officers acknowledge the need, under section 9 of the GLA's Contracts and Funding Code (Code) to compete such contracting opportunities. Section 10 of the Code however, allows for exemptions from this requirement to be approved where a supplier has had previous involvement in a specific current project or the services concerned are a continuation of existing work that cannot be separated from

the new project/work. Here, CEL has extensive experience of the LCEF programme and the GLA's needs because of its previous involvement in the delivery and design of previous LCEF rounds as well as its extensive engagement with community energy groups across London. Accordingly CEL is in an ideal position to provide the services optimally and it is unlikely that any other provider would be able to provide a more competitive tender. CEL's provision also represents value for money because their services will reduce the demand on the Environment team's resources from 43 days to 15 days carry out the tasks specified.

- 1.14. Accordingly approval of an exemption from the requirement of the Code to compete such contracting opportunities is sought.

2. Objectives and expected outcomes

- 2.1. To reach the net-zero target by 2030 under the preferred Accelerated Green pathway, 1.5 GW of solar PV needs to be fitted on rooftops. To support this, as set out in the Solar Action Plan, it is proposed that actions be undertaken by the GLA to increase the level of solar-energy technologies installed in London. This includes funding and supporting community energy projects.
- 2.2. Project development funded through the LCEF will provide each community energy group with a strong and detailed business case for investment, and ensure each project is ready to proceed to delivery. As part of the project-development process, the applicants will share their experiences, photos and testimonials to inform and inspire other like-minded groups to deliver similar projects.
- 2.3. Funding for the delivery of projects, including the installation of measures, will increase the deployment of renewable energy across the capital; and help community groups to continue their work of involving Londoners directly in the solutions to the climate crisis.
- 2.4. With the additional funding proposed, this round of LCEF could realistically support the additional installation of 0.5 MWp of new solar PV capacity. The proposed funding could also support feasibility studies for an estimated 2 MWp of solar PV.
- 2.5. By supporting community energy groups to engage more Londoners from diverse backgrounds, including vulnerable households, it is expected that LCEF funding will assist households in accessing resources to limit the impacts of the cost-of-living crisis.
- 2.6. The fund offers:
 - grants of up to £15,000 to develop feasibility studies and business cases, and to support community engagement and training activities
 - grants of up to £50,000 to cover up to a third of the capital value to deliver community energy projects; these grants will be limited to cover one-fifth of the capital value on solar PV installations over 40kWp
 - grants of up to £5,000 to support training, events and awareness-raising activities for community volunteers and staff.
- 2.7. The fund will also provide smaller grants to groups to undertake pre-feasibility studies and develop project proposals for future funding.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, the Mayor and GLA are 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. The “protected characteristics” are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage/civil partnership status. The duty involves having appropriate regard to these matters as they apply in the circumstances, including having regard to the need to: remove or minimise any disadvantage suffered by those who share or is connected to a protected characteristic; taking steps to meet the different needs of such people; and encouraging them to participate in public life or in any other activity where their participation is disproportionately low. This can involve treating people with a protected characteristic more favourably than those without one.
- 3.3. Part of the LCEF application form requires the applicant organisation to:
- describe how their proposed actions would reflect the aims of the Equality Act 2010
 - state how the project would be accessible to community members
 - describe how they intend to use the funding openly and equitably, and how this would be monitored.
- 3.4. Projects demonstrating how their projects are accessible to all Londoners, and making efforts to reach minority and disadvantaged groups, were scored favourably.
- 3.5. As with previous rounds, the fund was advertised through key stakeholders, including CEL, charities, non-governmental organisations and trade associations, and on relevant social media sites, to ensure that it reached a wide audience. In addition, all boroughs were informed of the fund. By supporting community groups and providing grant funding, as opposed to loans, the fund appeals to a diverse range of groups that might otherwise be excluded by having insufficient funds to initiate a project.
- 3.6. Furthermore, community energy projects often seek to directly support the more deprived members of the community. Benefits to the local community, including social benefits, form part of the scoring criteria used to select the projects. The projects deliver benefits that include:
- using profits generated by the solar panels to alleviate fuel poverty
 - seeking to supply local buildings with cheaper electricity; this could mean lower energy bills for its occupants, who may not be able to afford solar panels
 - allowing members of the local community to own a share of the project and benefit from any return on investment, rather than only financial institutions benefiting.
- 3.7. Community energy projects funded by the LCEF tend to be in the more deprived areas of London. Organisations accessing the LCEF – such as community benefit societies, companies limited by guarantee and cooperatives – ensure that a significant proportion of their profits are used to benefit the entire community, not just members and shareholders. LCEF funding is therefore likely to significantly benefit low-income Londoners and those from disadvantaged backgrounds.
- 3.8. The LCEF will enable community groups to bring awareness of renewable energy and energy-bill savings to groups that would not normally have had access to such technology. These groups include, among others: pupils in schools; members of varied faith groups; local resident association members; leisure centre users; city farm visitors; and art centre visitors. The range of Londoners benefiting from these solar projects is much wider than it would normally be for small to medium-sized solar panel installations in the UK – solar panels have, so far, mainly been installed by relatively affluent owner-occupiers.

4. Other considerations

Key risks and issues

4.1. Key risks and issues are outlined in the table below.

Risk	Mitigation	Rating
Unsuitable handling of GLA funding by CEL.	The contract between the GLA and CEL ensures that monies are handed to CEL when sufficient evidence is provided to the GLA, and once funding agreements are in place between community energy projects and CEL. Payments to community groups, and from the GLA to CEL, will be scheduled in tranches to align with programme milestones. Due-diligence checks will be carried out by the GLA on CEL before funds are provided.	Green
Community groups are unable to complete projects. GLA money is spent on developing projects that are not feasible.	Scoring of LCEF phase six applications was based on the readiness of projects to deliver. Drawing on experience from previous successful rounds, GLA officers and CEL will work closely with applicants and provide guidance to ensure projects are delivered in accordance with grant offers. Funds will be released on delivery of specified milestones, such as getting planning consent (if relevant); getting landlord approval; or having a roof survey done showing that the roof is structurally sound to receive solar panels. That way, we will minimise any money being spent on unsuitable projects. If any projects are deemed unfeasible after the initial technical feasibility assessment, or cannot make a viable business case, it is proposed that funding is not provided beyond this milestone.	Amber
Measures are not installed.	There is a risk that these community groups may not be able to access the amount of capital funding required for the project delivery stage of installing measures. The application form requires applicants to detail how they will access the necessary funds to install measures. This was taken into consideration when assessing the applications received.	Amber
Costs to deliver projects are unrealistic.	Applicants have set out itemised project costs. Eligible projects have been selected by assessing project development and costs to ensure they are realistic, with clarification sought from the applicants where there is a lack of detail.	Green
Shortage of installers and supply of measures.	Community energy groups had reported a recent increase in demand for solar PV panels, causing delays in procuring installers. The increased demand has reduced the availability of panels, leading to installers only honouring quotes for limited periods and focusing on larger solar PV installations. The Mayor is working to boost the London solar supply chain through Solar Skills London. Groups were encouraged to factor in energy and technology price rises into their bids and feasibility studies and to factor in time for potential delays to installation. Funding agreements offered to projects will account for potential increases in project delivery times and costs to minimise the potential need to reclaim funding for incomplete projects.	Green
Sharing data between the GLA and CEL.	Consent shall be sought from all applicants eligible for funding before their any of their data, including contact information and details of their proposed project are handed to CEL. The GLA will ensure that data-sharing agreements are in place with CEL; and that any data provided to CEL is handled in accordance with GDPR guidelines.	Amber

Links to mayoral strategies and priorities

- 4.2. The LCEF directly supports the priorities of the London Partnership Board, specifically its Green New Deal mission, which aims to double the size of London's green economy.
- 4.3. Increasing rooftop solar PV by supporting community energy is part of the Mayor's preferred Accelerated Green pathway, which was set out in response to Element Energy's report, 'Analysis of a Net Zero 2030 Target for Greater London'.
- 4.4. This increase also supports many of the Mayor's strategies including the London Environment Strategy, the Economic Development Strategy and the Solar Action Plan. The specific details of this support are set out at sections 4.5 to 4.7, below.
- 4.5. London Environment Strategy objectives are as follows:
 - Objective 6.2: develop clean and smart, integrated energy systems utilising local and renewable energy resources. This includes:
 - Policy 6.2.1 – delivering more decentralised energy in London
 - Policy 6.2.2 – planning for London's new smart energy infrastructure.
 - Objective 10.1: enable the transition to a low-carbon circular economy. This includes:
 - Policy 10.1.1 – to build on London's strengths and grow the low-carbon and environmental goods and services sector
 - Policy 10.1.2 – to build on London's strengths and enable London's businesses, academia and citizens to actively compete in and contribute to the low-carbon circular economy.
- 4.6. Economic Development Strategy policies are as follows:
 - Policy 4.3 – infrastructure: London's economy relies on a whole range of infrastructure, in addition to transport, to function effectively. This includes energy and water networks, sewerage and drainage systems, waste facilities, and digital infrastructure. This will support: more localised and renewable energy; transition to a low-carbon circular economy; and protecting and enhancing London's environment and green infrastructure.
 - Policy 5.5 – low-carbon and environmental goods and services: the Mayor wants London's economy to continue to grow, but he also wants to shape the direction of that growth and what it delivers for London and Londoners. He wants growth that is more inclusive, with less inequality, as well as being lower in carbon emissions and more circular in nature to make London a greener, cleaner and more sustainable city.
- 4.7. The Solar Action Plan Objective 3 is to help Londoners to retrofit solar energy technologies on their homes and workplaces through Mayoral programmes and funding. This includes:
 - helping community solar energy projects get off the ground through grants from the LCEF
 - supporting projects that promote energy storage.

Consultations and impact assessments

- 4.8. Officers have held regular meetings with CEL throughout all phases of the LCEF, as well as seeking feedback with LCEF-funded community groups. The GLA had surveyed community groups (including applicants to previous phases) to shape LCEF, focusing on:
 - how to support equality, diversity and inclusion amongst the community energy sector

- scope of technologies and projects deemed to be suitable
- other support required by community energy groups to expand (for example, mapping, legal advice, local authority engagement, etc).

Conflicts of interest

- 4.9. There are no conflicts of interest to note of anyone involved in the drafting or clearance of this Mayoral Decision.

5. Financial comments

- 5.1. Approval is requested for expenditure of up to £450,000 to support the seventh round of the LCEF programme. This programme is a core part of delivering the Mayor's Energy for Londoners programme and the Green New Deal mission; and of helping to tackle the cost-of-living crisis.
- 5.2. The expenditure of £317,500 scheduled for 2023-24 will be funded from the Environment Programme budget, specifically the allocation earmarked for the Retrofit London programme. This funding will be used to deliver on the Mayor's priorities in 2023-24 by continuing to develop community led approaches to decarbonisation instead of spending on a retrofit hub which is due in 2024-25 after the Retrofit Delivery Model System option is finalised as per MD3132. The expenditure of up to £132,500 scheduled for 2024-25 will be funded from the planned allocation earmarked for the Solar and Community Grants programme. This is subject to approval as part of the Mayor's budget setting process for 2024-25 financial year. To mitigate any risk of the programme not being sufficiently resourced in future years to cover costs following the budget-setting process, any contractual agreements will include the usual break clauses that could potentially be exercised if required.

	2023-24	2024-25	Total
CEL Fees	£32,500	£32,500	£65,000
Grant payments	£285,000	£100,000	£385,000
Total	£317,500	£132,500	£450,000

- 5.3. Approval is also requested for an exemption from the GLA's contracts and funding code to enable a single source procurement. This is due to the extensive experience of CEL in this area and their previous involvement in the programme. The full justification is provided in section 1.13.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that: the decisions requested of the Mayor (in accordance with the GLA's Contracts and Funding Code) 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 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 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 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 (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) 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 2 (above) of this report.

6.3. Section 9.1 of the Contracts and Funding Code (the 'Code') requires the GLA to call-off services by way of competition. The Mayor may however, approve an exemption from this requirement under section 10 of the Code upon certain specified grounds. One of those grounds is that a contract may let without competition where a supplier has had previous involvement in a specific current project or the services concerned are a continuation of existing work that cannot be separated from the new project/work. Officers have indicated in the main body of this report that this ground applies and that the proposed contracts affords value for money. On this basis the Mayor may approve the proposed exemption if satisfied with the content of this report.

6.4. Officers must ensure that:

- a contract is entered into and executed by the GLA and CEL prior to the commencement of the services
- that contract contains clear provisions concerning the administration and management of the LCCEF (including that any sums paid for use to pay LCEF recipients are held on trust and solely for the purpose of making such payments).

7. Planned delivery approach and next steps

Activity	Timeline
Contract in place with CEL to administer and manage LCEF grants	November 2023
In place: an agreed list of additional projects to fund, and grant agreements between CEL and project organisations	December 2023
Delivery start date	December 2023
Delivery end date	August 2024
Project closure	September 2024

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 be published either 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:

Greg Shreeve has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Phil 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 6 November 2023.

INTERIM CHIEF FINANCE OFFICER:

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

Signature:



Date:

06/11/2023

CHIEF OF STAFF:

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

Signature:



Date:

06/11/2023