

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD3418

### Mayoral funding to support clean community energy

#### Executive summary:

The Mayor's London Community Energy Fund (LCEF) aims to help London achieve net zero by 2030, by empowering community-led organisations to take charge of, develop and implement clean-energy projects. Community energy can play a key role in accelerating progress towards net zero and strengthening London's diverse communities' involvement in a just transition. The LCEF programme is also a key project in achieving the objectives of the Mayor's reducing non-residential emissions mandate, which will be set out in the forthcoming associated delivery plan. This Mayoral Decision (MD3418) seeks approval to spend up to £700,000 on delivery of an eighth round of the programme.

#### Decision:

That the Mayor:

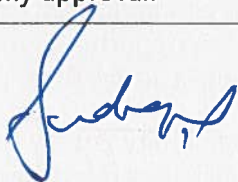
- approves expenditure of up to £700,000, in 2025-26, on the London Community Energy Fund (LCEF) programme
- delegates authority to the Assistant Director of Environment and Energy, in consultation with the Deputy Mayor for Environment and Energy, to approve:
  - LCEF funding allocations, following an assessment process using agreed criteria
  - the procurement of either an internal or external grant-management service provider subject to best value and operational effectiveness, to manage the LCEF claims and payment process.

#### 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:

18/9/25

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR**

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1. The Mayor has declared a climate emergency and set an ambitious goal for London to become a net zero carbon city by 2030. Achieving this will require London to be powered by a diverse range of low-carbon and efficiently-used energy sources. Community energy organisations have been pivotal in London's ongoing shift towards clean, local energy. They will continue to play an important role in helping achieve the goals set out in the Mayor's programme mandate to reduce non-residential emissions.
- 1.2. Since 2017, the Mayor has provided grants to community-energy projects through seven rounds of the London Community Energy Fund (LCEF). LCEF has offered £2.5m of funding to 194 projects across 65 community organisations. This funding has supported the installation of 3.6 megawatt peak (MWp) of community-owned solar photovoltaic (PV) cells and other net zero technologies, leading to an estimated lifetime saving of 9,900 tonnes of CO<sub>2</sub>e.
- 1.3. With support from the GLA, Community Energy London (CEL), a membership organisation for the community energy sector, undertook a piece of research into community energy potential across London. This mapping was done using data from the London Solar Opportunity Map, London Heat Map and the London Building Stock Model. CEL identified over 20,000 community buildings with the potential for community-energy projects. Over half of the sites identified had capacity for solar PV, totalling over 1.1 gigawatt peak (GWp), demonstrating the extent of capacity for community energy projects in London to significantly increase renewable energy generation.
- 1.4. Beyond deploying net zero technologies, community-energy organisations have a wider role to play in engaging Londoners in the transition to net zero. Many focus on alleviating fuel poverty, using revenue from energy projects to provide direct support to vulnerable local residents. These groups also maintain strong connections with community centres, schools, faith groups and other organisations, enabling them to reach diverse populations and act as trusted intermediaries for local energy-planning and domestic-retrofit initiatives. Furthermore, community-energy projects promote knowledge-sharing and skills development, offering pathways into careers essential for a just transition to a net-zero economy.
- 1.5. Community energy groups depend largely on volunteers, however, with only a small proportion employing full-time staff. This reflects the challenges they face to fund costs independently for paid staff, IT equipment, finance and legal support, alongside paying for training and to upskill staff and volunteers. As a result, their capacity to invest and scale up is significantly restricted in many cases, limiting the number of new projects they can develop and the opportunity to scale up delivery – especially since any costs associated with failure would be difficult for them to absorb.
- 1.6. This decision seeks to continue the Mayor's support for community energy through an eighth round of the LCEF. This will continue to support groups on a project-by-project basis, covering the costs of feasibility studies and capital project delivery. The fund will also allow an increased proportion of grant funding to community-energy organisations to be used to cover core costs, better enabling the sector to grow.

#### **2. Objectives and expected outcomes**

- 2.1. Supporting community energy will contribute to the Mayor's ambition for London to be net zero by 2030. The programme's objectives are to help community energy groups to plan and deliver net zero

projects, while increasing involvement from diverse communities in both the ownership and implementation of net zero projects.

2.2. The eighth round of the LCEF will offer three funding streams, as set out below:

- **Stream one: feasibility** – grants up to £10,000 covering feasibility studies, business case development, planning application submissions and full technical project design
- **Stream two: development** – grants up to £10,000 covering grid connection and lease agreement costs, contractor/equipment procurement, and capital and match fundraising
- **Stream three: delivery** – grants up to £60,000 (for up to one-third of capital costs) covering installation of carbon-reduction technologies.

2.3. This departs from the previous two rounds of LCEF (i.e. LCEF 6 and LCEF 7) which offered four streams of funding: innovation and pre-feasibility; feasibility and business case development; project implementation and delivery; training, events and engagement. This new approach promotes thorough early-stage planning, via streams one and two, which will help community energy groups build stronger, more viable proposals. It also ensures that delivery funding (stream three) is allocated to projects with secured capital and procured contractors, increasing the likelihood of successful implementation.

2.4. Applicants to stream three will need to demonstrate how the remaining capital has been or will be raised. As with previous rounds of LCEF, this could be through community-share offers as well as through other forms of match funding such as borough community energy funds or GB Energy funding. Officers will coordinate with boroughs to ensure match funding is complementary.

2.5. With a total budget of £700,000, the programme is expected to provide up to 45 grants across all three funding streams. This could include partially funding the delivery of approximately 10 new solar PV installations, totalling 450 kWp of solar PV. Some organisations may apply solely for feasibility or development funding, without requiring GLA capital for project delivery. Therefore, streams one and two will support delivery of projects additional to those funded through stream three.

2.6. Phase one of the Community Energy Taskforce found that the significant potential for deployment is constrained by community-energy groups' limited access to core funding. This funding is essential to enable the development of more projects. To support the growth of the sector, community energy organisations that demonstrate a clear intention to undertake further community-energy projects can claim up to 25 per cent of their grant as core funding. This may be used to cover core business costs and support capacity building within the community energy sector. To be eligible for this, applicants will need to demonstrate a successful track record of previous projects, and a pipeline of prospective future projects; and justify how the core funding will be used.

2.7. Applications will be assessed by an independent panel, through reference to published criteria relating to readiness for deployment; value for money; additionality; carbon savings and impact on capacity building; community empowerment; and equality and diversity. The assessment results will be shared with the Assistant Director of Environment and Energy, who will make decisions on the award of any LCEF grant funding in consultation with the Deputy Mayor for Environment and Energy.

2.8. A grant manager will be identified, either through procurement (in liaison with TfL Procurement) or via an internal service, to manage the claims and payments process with successful applicants. This will help ensure that funding is disbursed in accordance with the outcomes set out in the grant agreements with recipient organisations.

2.9. In keeping with previous LCEF funding rounds, a prospectus will be produced that sets out the criteria for funding applications. This will be published as the eighth phase of the LCEF is launched this autumn.

### **3. Equality comments**

- 3.1. Under section 149 of the Equality Act 2010, the Mayor and the 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 are 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 will require 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. Community energy projects often seek to directly support members of the community impacted by the cost-of-living crisis and continued structural inequalities. Groups in receipt of funding will need to demonstrate how their works benefits their communities. This may include:
- using revenue generated 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.
- 3.5. Community energy projects funded by the LCEF are prioritised in areas of London where investment in local infrastructure and energy resilience can have the greatest social benefit. 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. Grantees will report on the equality, diversity and inclusion impacts of their project when applying and on completion.
- 3.6. The LCEF will enable community groups to bring awareness of renewable energy and energy bill savings to groups who would not normally have had access to such technology. These groups include: pupils in schools; members of varied faith groups; local resident association members; leisure centre users; city farm visitors; and art centre visitors, among others. Previous rounds of LCEF have demonstrated that these projects can reach a significantly broader cross-section of Londoners than is

typical for small to medium-sized solar panel installations in the UK (which have historically been adopted primarily by relatively affluent owner-occupiers).

#### 4. Other considerations

##### *Risks and issues*

4.1. The following programme-level risks relating to the delivery of the LCEF have been identified:

<b>Risk description</b>	<b>Probability</b>	<b>Impact</b>	<b>Overall risk</b>	<b>Mitigation/response</b>
The programme does not deliver the required outcomes	Medium	Medium	Medium	The GLA team will meet regularly with grantees to ensure that issues are raised in a timely manner. Programme outputs and outcomes will be tracked against agreed milestones. Where delivery risks are identified, appropriate mitigating actions will be taken. Evidence and lessons learnt from previous rounds of the LCEF will inform ongoing programme delivery.
Insufficient applicants to the grant programme	Low	High	Medium	Previous engagement with the sector has indicated a strong appetite for funding. A communications and engagement plan will be developed in consultation with the Community Energy Taskforce, to promote the funding opportunity and maximise awareness among potential applicants.
Grant monies are not used appropriately	Medium	High	High	Clear funding criteria will be set out at the launch of the programme. Sufficient time and resource will be allocated to develop detailed funding agreements, including agreed milestones with each grantee prior to the release of any funds. Payments will be conditional on the evidenced achievement of milestones, ensuring appropriate use of public funds.

##### *Links to Mayoral strategies and priorities*

- 4.2. Delivering the LCEF programme is a key project to achieve the objectives of the reducing non-residential emissions programme mandate and will be included in the forthcoming associated delivery plan.
- 4.3. The programmes funded through this Mayoral Decision will help achieve several relevant London Environment Strategy policy proposals including:
- 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.

4.4. The relevant Equality, Diversity and Inclusion Strategy objectives supported by this programme are:

- Strategic objective 7: To work with boroughs, communities, transport providers and businesses to help regenerate the most deprived parts of London in a way that supports good growth and opens up opportunities for the most disadvantaged groups
- Strategic objective 8: To work with government, boroughs, communities, businesses, schools, transport providers and others to help protect and provide the social infrastructure needed by London's diverse communities.

#### *Consultations and impact assessments*

4.5. Officers have held regular meetings with CEL, and have attended Community Energy Taskforce meetings. The GLA had surveyed community groups (including applicants to previous phases) to understand:

- how to support equality, diversity and inclusion in the community-energy sector
- scope of technologies and projects deemed to be suitable
- other support required by community-energy groups to expand.

#### *Subsidy control*

4.6. Officers have considered the guidance on the Subsidy Control Act 2022. Officers consider that the proposed award of funding does not constitute a subsidy for the purposes of the Subsidy Control Act 2022, as it does not meet all four limbs of the test for the existence of a subsidy. Specifically, the funding will not confer an economic advantage on any enterprise as the GLA will be competing the funding opportunities on an open and transparent basis by reference to objective and non-discriminatory criteria.

#### *Conflicts of interest*

4.7. 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 being sought for the expenditure of up to £700,000 from the GLA's community energy allocation budget approved as part of the GLA's 2025-26 budget-setting process with the budget held and managed by the Environment and Energy Unit. It is expected that this will form part of the budget for the reducing non-residential emissions programme, subject to the approval of the associated delivery plan.
- 5.2. Funding for organisations will be provided through a grant management arrangement, which may involve either an external organisation or an internal delivery mechanism. Delivery of projects is expected to take place over 12 months from January 2026. Successful applicants will receive up to 50 per cent of funding at the start of the project, and the remainder upon completion. Grant money will be transferred to the grant-management organisation in 2025-26. Any unspent grant money will be recouped in 2026-27.

<b>Activities</b>	<b>Cost</b>
Grant management organisation costs	£80,000
Grant payments	£620,000
Total	£700,000

- 5.3. Any additional funding secured for the programme will be used to enhance the programme with the appropriate budget adjustments being made.

## **6. Legal comments**

- 6.1. Under section 30(1) of the Greater London Authority Act 1999 (the GLA Act), the GLA has the power to do anything that it considers will further any one or more of its principal purposes. These are:
- promoting economic development and wealth creation in Greater London
  - promoting social development in Greater London
  - promoting the improvement of the environment in Greater London.
- 6.2. In deciding whether or how to exercise the general powers, section 30 (4) requires the GLA to have regard to the effect which the proposed exercise of the power would have on:
- the health of persons in Greater London
  - health inequalities between persons living in Greater London
  - the achievement of sustainable development in the UK
  - climate change, and the consequences of climate change.
- 6.3. In taking the decisions requested of him, the Mayor must have due regard to the Public Sector Equality Duty contained in section 149 of the Equality Act 2010. To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.4. As set out at paragraph 4.6 of this report, officers have considered the requirements of the Subsidy Control Act 2022; and have determined that the funding proposed does not constitute a subsidy.
- 6.5. Any function exercisable by the Mayor on behalf of the GLA may also be exercised by an officer of the GLA – albeit subject to any conditions that the Mayor sees fit to impose. To this end, the Mayor may make the requested delegation to the Assistant Director of Environment and Energy.
- 6.6. If the Mayor makes the decisions sought, officers must ensure that:
- the award of grant funding proposed is made fairly, transparently, in accordance with the GLA's equalities requirements, and with the requirements of GLA's Contracts and Funding Code
  - funding agreements are put in place between and executed by the GLA and recipients before any commitment to fund is made
  - the services required are procured in liaison with TfL Procurement in accordance with the Contracts and Funding Code, and appropriate contract documentation is put in place between and executed by the GLA and contractors before those services begin.

## **7. Planned delivery approach and next steps**

- 7.1. Timetable for LCEF delivery is set out below:

<b>Activity</b>	<b>Timeline</b>
Procurement of grant-management organisation	September 2025
Prospectus and application form launched	September 2025
Application window open – support provided to projects bidding for funding	September 2025 – December 2025
Funding scoring and moderation	January 2026
Recommendations for funding and due diligence	January 2026
Inform applicants of scoring outcomes	January 2026
Funding agreements signed with successful applicants	February 2026
Project delivery	March 2026 – February 2027
All projects delivered and final claims received	February 2027

**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:

Philip Graham has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

#### Mayoral Adviser:

Mete Coban has been consulted about the proposal and agrees the recommendations.

✓

#### Advice:

The Finance and Legal teams have commented on this proposal.

✓

#### Mayoral Delivery Board

This decision was agreed by the Mayoral Delivery Board on 18 August 2025.

✓

### CHIEF FINANCE OFFICER:

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

**Signature:** 

**Date:** 22/08/2025

pp Peter Sebastian, Assistant Director, Financial Services on behalf of Fay Hammond.

### CHIEF OF STAFF:

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

**Signature:** 

**Date:** 21/08/2025

