

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2968

Title: Green Homes Grant Local Authority Delivery scheme funding reallocation

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 COVID-19 pandemic has presented London with its most challenging period in recent history and London's recovery will be based on delivering a Green New Deal and a robust safety net.

In 2020 and 2021, the GLA led and submitted successful consortium bids for £8,029,950 of Green Homes Grant Local Authority Delivery (LAD) scheme funding (1b) to deliver deep retrofit improvements for 836 low-income London households, across various tenures. In recognition of delays caused by the pandemic, considerable supply chain difficulties and the limited resource available to undertake retrofit work, the GLA subsequently secured an extension to the funding period from BEIS. The budget needs to be spent by the end of June 2022 (extended from end of March 2022).

Within the scope of this existing approved funding and timeline the GLA has an opportunity to achieve greater certainty in completing these works. We can achieve this by providing additional grant funding to the Peabody Trust to support their project to install around 300 solar photovoltaic systems on Peabody homes (together with insulation measures in one large scale project), and to the Royal Borough of Kensington and Chelsea to support them deliver improvements to 42 further homes. The new total of homes would be 966, an increase of 130. All schemes are in accordance with the terms of BEIS LAD grant funding.

Decision:

That the Mayor approves:

- i. the reallocation of £1,689,000, the expenditure of £539,000 of which was previously approved under MD2775, and the remaining expenditure of £1,150,000 was previously approved under MD2712 as follows: £1,447,300 to Peabody Trust and £241,700 to the Royal Borough of Kensington & Chelsea in addition to the sums previously granted to both recipients as approved under MD2775.

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:

20/4/22

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 at the same time 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. In light of the COVID-19 pandemic the Mayor's London Recovery Programme has also set out two relevant missions: 1) A Green New Deal 2) A Robust Safety Net.
- 1.2 In 2020 there were 404,000 households living in fuel poverty in London, which equates to 11.5 per cent of all households. The Mayor has set out his programme of actions to address fuel poverty in London with the powers he has in his Fuel Poverty Action Plan. These include support for energy efficiency programmes such as the current Warmer Homes scheme, the £40.2m Sustainable Warmth funding, and fuel poverty advice as well as the LAD funding set out here.
- 1.3 In the Summer Statement of July 2020, the Chancellor of the Exchequer announced that a £2 billion Green Homes Grant scheme would be established to upgrade homes across England. Under this, £500 million would be delivered through local authorities, to improve the energy efficiency of low-income households. The Local Authority Delivery (LAD) scheme aims to raise the energy efficiency of low energy performance homes (those rated at EPC Band D, E, F or G). The initial two phases of the scheme (1a and 1b) provided £200 million funding for local authorities to upscale existing energy efficiency improvement projects. For phase 1b we have been allocated £8,029,950 (which includes recycling a proportion of underspend from 1a).
- 1.4 This programme addresses two of the key guiding principles of the London Recovery Programme: addressing social, economic and health inequalities and delivering a cleaner, greener London. It also contributes to the two recovery missions set out above.
- 1.5 The original consortium bid the GLA submitted to government for phase 1b (see MD2775) was composed of two parts:
 - £5,632,000 to match our existing Warmer Homes programme funding, delivering energy efficiency improvements in the homes of around 500 low-income London households by September 2021, and to fund overall project management
 - £1,247,950 to support five social landlords to improve the energy efficiency of their homes, delivering energy efficiency improvements in the homes of around 336 low-income London households by September 2021.
- 1.6 In October 2021 the GLA returned unspent funds from phase 1a of the scheme but subsequently received £1,150,000 to add to phase 1b, creating a total pot of £8,029,950.
- 1.7 Up to £10,000 was made available for each owner-occupied home and £5,000 for each privately rented home through the Green Homes Grant. Match funding was sought for all packages from the Energy Company Obligation, local carbon offset funds and Better Care Funding to maximise improvements to homes. Measures varied by property and were subject to a detailed whole house assessment, but the funding did not permit the installation of fossil fuel heating systems.
- 1.8 336 homes were previously identified by the three social landlords in our consortium and up to £5,000 made available through the funding (plus ancillary costs) for each home, with the social

landlords required to contribute at least a third of the cost. The measures being installed by the social landlords include underfloor insulation, flat roof insulation, glazing improvements, and internal wall insulation. The revised proposal increases this to 517 homes, on gaining access. The social landlords are responsible for reporting on monthly progress to the GLA who in turn submit monitoring returns to government.

- 1.9 The main challenges in delivering the LAD programme within the timescale (June 2022), remain the impact of COVID-19, together with resource and materials shortages continuing to impact our activity. To help mitigate these risks the GLA have identified that within the scope of this existing approved funding and timeline we can achieve greater certainty in completing the works by undertaking a single larger scale project with Peabody Trust, the initial outline for which is in development for delivery by June 2022, and by supporting the Royal Borough of Kensington and Chelsea in expanding theirs. This can be achieved by reallocating £1,447,300 of the funding allocated to the GLA's own LAD 1B private sector improvements budget to a social landlord (The Peabody Trust) and £241,700 to the Royal Borough of Kensington and Chelsea. This would be in addition to funding already granted to both recipients as outlined in the tables below.
- 1.10 The Peabody Trust would therefore receive a total of £1,689,000 funding to support a project to complete the installation of around 300 solar photovoltaic systems on Peabody homes, principally on the Thamesmead Estate (together with additional insulations in one large-scale project), helping to fulfil work on placemaking there. The Peabody Trust have confirmed they have secured £1,000,000 in match funding in support of this arrangement. The Royal Borough of Kensington & Chelsea has indicated that they could deliver improvements to 42 further homes on the Lancaster West Estate for the sum of £241,700, taking their total funding to £862,700. Both landlords have a ready pipeline of eligible homes, and the investment represents good value for money. These works may not happen without the GLA's allocation. The GLA's recent Retrofit Summit acknowledged the importance of pooling resources to achieve the retrofitting of London's homes.

1.11 Original and proposed breakdown of grant:

Organisation	Original Homes	Original Total (£)	Proposed Homes	Proposed Total (£)
GLA	500	5,632,000	449	5,093,000
LB Camden	17	97,750	17	97,750
RB Kensington & Chelsea	108	621,000	150	862,700
Peabody	161	241,700	300	1,689,000
Westminster CC	50	287,500	50	287,500
TOTAL	836	6,879,950	966	8,029,950

An additional £1,150,000 was received in October 2021 after we paid back a sum under phase 1a of the scheme.

2 Objectives and expected outcomes

2.1 The key outputs from this programme are now expected to be as follows:

- 966 low income households will be supported – these households will benefit from a range of energy efficiency measures such as solid wall insulation, flat roof insulation, underfloor insulation, triple glazing, and solar photovoltaics
- annual fuel bill savings for Londoners of £272,211 (original target £235,578)
- annual CO2 savings of 1,053 tCO2 (original target 911.3 tCO2)

- annual energy savings of 3,579,618kWh (original target 3,097,889 kWh).

2.2 Programme performance will be determined against a set of KPIs and qualitative indicators:

KPI	Target	Original target
Numbers of homes identified as eligible	966	836
Number of homes receiving at least one measure	966	836
Number of measures installed	1,143	989
Number of homes improved to a minimum Energy Performance Certificate (EPC) band of C and above as a result of installed measures	483	419
Average cost per home receiving a measure	£8,313	£8,230
Number of jobs supported	Up to 130	Up to 115
Annual energy, carbon and bills savings expected to be achieved as a result of installed measures	3,579,618 kWh 1,053 tCO2 £272,211	3,097,889kWh 911.3 tCO2 £235,578

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 (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do not. Protected characteristics under section 4 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sex orientation, and marriage or civil partnership status (all except the last being "relevant" protected characteristics).
- 3.2 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.
- 3.3 The programme has been designed in line with the London Environment Strategy and the proposals in there were tested to ensure they had due regard to the public sector quality duty. The programme will target residents who are in or at risk of fuel poverty and homes with poor levels of energy efficiency, and it will aim to promote holistic, whole-house energy efficiency retrofits. The programme is therefore designed to advance equality of opportunity and support those who are particularly vulnerable, whether as a result of their protected characteristics or other factors, such as their health or personal circumstances. It is expected that this scheme will have a positive impact on lower income and fuel poor households directly through the home refurbishments. BAME households are up to 52% more likely to be fuel poor, whilst older people, disabled people or vulnerable are up to 20% more likely. Indirect benefits are also anticipated by catalysing greater awareness of energy use and the opportunities for people to reduce their energy consumption and bills, whilst still protecting their health.

4 Other considerations

Links to Mayoral strategies

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 – 2020/21) to support the roll out 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 ECO funds to the Mayor to disburse including through his Energy for Londoners energy efficiency programmes.

4.3 Relevant Equality, Diversity & Inclusion Strategy objectives are:

- Strategic Objective 12: To work with government, businesses, transport providers, voluntary groups and all relevant partners to help ensure our approach to tackling fuel poverty and improving green spaces is inclusive.

4.4 Relevant Health Inequalities Strategy objectives are:

- Through his 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 Advice Service will help to relieve hardship.

- A Green New Deal: Londoners living in fuel poverty are more likely to experience cold, damp homes and the Warmer Homes Advice Service supports them to use energy more efficiently and supports access to funding for heating and insulation improvements.

4.6 Key risks

Risk no	Risk	Likelihood (1-4)	Consequence (1-4)	Rating	Mitigation
1	Social landlords in the consortium fail to deliver match funding.	1	2	2	A revised delivery schedule would be proposed to the funder, with delivery extended.
2	A new lockdown means that contractors cannot go into homes	1	4	4	A revised delivery schedule would be proposed to the funder, with delivery extended.
3	Supply chain problems in part caused by the England-wide simultaneous delivery of the various Green Homes Grant programmes.	3	3	9	A revised delivery schedule would be proposed to the funder after this had been flagged with them. Government are aware of this risk and we have already lobbied them on this.
4	There is a risk that the totality of funding is not able to be expended in the funding period given, due to the prevailing conditions	2	4	8	A revised delivery schedule would be proposed to the funder, with delivery extended.

Conflicts of interest

- 4.7 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 The sum of £8,029,950 has been made available by way of grant funding to the GLA from the Department of Business, Energy and Industrial Strategy (BEIS) to deliver the Green Homes Grant Local Authority Delivery Scheme – 1b.
- 5.2 Initial expenditure for the scheme was outlined in MD2775 however following BEIS' decision to extend the programme for three months, the Authority has taken the decision to revise these plans. Subsequently this decision seeks permission to repurpose £1,689,000 of these funds in which £1,447,300 will be issued to Peabody Trust and the balance of £241,700 to the Royal Borough of Kensington and Chelsea to increase delivery of retrofit improvements to London homes.
- 5.3 As set out in the grant agreement with BEIS all expenditure on the scheme must be completed by June 2022 which gives a short window to utilise the repurposed funds. In order to mitigate any risk of projects slipping beyond this deadline the funding agreements with Peabody Trust and The Royal Borough of Kensington and Chelsea will be revised to include milestones and deliverables up until 30 June 2022. In the event of the emergence of underspends, these funds will be returned to BEIS.

6 Legal comments

Powers

- 6.1 The foregoing sections of this report indicate that the decisions requested of the Mayor concern the exercise of the Authority's general powers; falling within the statutory powers of the Authority to promote and/or to do anything which is facilitative of or conducive or incidental to the promotion of social development within Greater London and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:
- (a) pay due regard to the principle that there should be equality of opportunity for all people
 - (b) 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
 - (c) consult with appropriate bodies.
- 6.2 In taking the decisions requested of him, 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 3 (above) of this report.

Funding

- 6.3 Officers have sought approval to reallocate £1,689,000 of funding aimed at providing energy efficient improvements to London homes. Officers are reminded that they must adhere to the requirements of section 12 of the Authority's Contracts and Funding Code when distributing the funding. Furthermore, officers must ensure that appropriate funding agreements be put in place between and executed by the Authority and the recipients before any (a) commitment to fund it made; and (b) funding is paid to the recipient.
- 6.4 Moreover, the proposals in this decision form include the provision of capital grant funding to support two (private and public) registered providers of social housing to make improvements to around 450 of their social homes. This funding is likely to constitute "social housing assistance"

within the meaning of Section 32 of the Housing and Regeneration Act 2008 (where financial assistance is given on condition that the recipient "... acquires, constructs, converts, improves or repairs any housing or other land for use as social housing ..."). Accordingly – and insofar as the grant provided is capital rather than revenue – the GLA's "Recovery of Capital Grants From Registered Providers and Recycled Capital Grant Fund (Greater London) General Determination 2017" and related provisions under the GLA's Affordable Housing Capital Funding Guide will apply to the grant by virtue of Sections 32 to 34 of the Housing and Regeneration Act 2008. This means that, where a "relevant event" defined in the Recovery Determination arises in respect of one of the grant-funded social homes, the grant recipient will either be required to repay the grant or recycle it into their Recycled Capital Grant Fund (for further social housing use, as permitted by the GLA), as specified by the Recovery Determination.

- 6.5 It should be noted that, in accordance with Section 333ZE(3) of the Greater London Authority Act 1999, if the GLA receives any repayment of grant that it has made for the purposes of social housing (as in this case), the GLA is required to use such repaid amount "for the purposes of social housing".

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 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 April 2022

✓

EXECUTIVE DIRECTOR, RESOURCES: Anna Casbolt on behalf of David Gallie

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

Signature

Date

Anna Casbolt

19/4/22

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

18/4/22

