

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2310

### Title: North London Warm Homes Programme

#### Executive Summary:

The Mayor is taking concerted action to tackle fuel poverty in London through his £34m Energy for Londoners Programme which aims to make London's homes warm, healthy and affordable. Of the actions set out in his Fuel Poverty Action Plan, the Warmer Homes programme and Fuel Poverty Support Fund are now operational and a new cross-sector Fuel Poverty Partnership has been established.

To complement this work further, this paper seeks approval to support the North London Warm Homes programme. If approved, £300,000 funding would be reallocated from unused funding from a previous scheme held by the London boroughs of Barnet, Enfield and Haringey to deliver energy efficiency improvements in social and private rented homes as part of a £3 million programme in partnership with National Grid's Warm Homes Fund. Delivery activity will be supported by an advice and referral service which is part-funded by the Mayor.

The programme complements the Mayor's Warmer Homes programme helping to alleviate fuel poverty and reduce cold-related ill health which targets owner-occupiers. The North London Warm Homes programme will also result in estimated annual energy bill savings of at least £172,800 (£430 per participating household) and around 375 tonnes of carbon dioxide (tCO<sub>2</sub>) per year, among other benefits such as reduced health impacts and improved air quality, through improvements to 400 homes.

#### Decision:

That the Mayor approves:

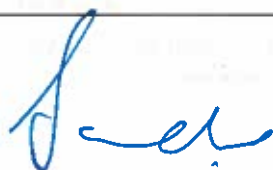
1. the reallocation and expenditure of existing funding of up to £300,000 previously allocated to three North London boroughs, to support the North London Warm Homes programme until February 2020
2. for the GLA to enter into an appropriate funding agreement with each of the three North London Boroughs.

#### 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:

12/1/18

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

### Decision required – supporting report

#### 1. Introduction and background

- 1.1 The London Environment Strategy (LES) sets out the Mayor's vision of making London a zero carbon city by 2050, while at the same time protecting the most vulnerable by tackling fuel poverty.
- 1.2 Delivering these twin ambitions is very challenging, particularly in the area of home energy performance, where national policies have not materialised or have even been scaled back in recent years. The government's own advisory non-departmental public body, the Committee on Fuel Poverty expressed concern in its 2017 annual report that time is running out to meet fuel poverty targets and there has been no real progress in setting out long-term programmes or policies to address fuel poverty<sup>1</sup>.
- 1.3 At the same time, fuel poverty in London remains at unacceptable levels, with more than 335,000 households affected, leading to poor thermal comfort, substantial health inequalities and, in some cases, premature death.
- 1.4 The LES and Fuel Poverty Action Plan (FPAP) set out how the Mayor will build on current home energy efficiency initiatives to develop a world-class homes energy efficiency programme, working in partnership with boroughs and other stakeholders.
- 1.5 Therefore, in the absence of a comprehensive national government programme, the Mayor's £34m Energy for Londoners (EfL) programme aims to make London's homes warm, healthy and affordable, its workplaces more energy efficient, and to supply the capital with more local clean energy. Within the domestic sector, EfL initiatives aim to address the fact that many Londoners are paying too much for their energy, have badly insulated homes and old, inefficient heating systems.
- 1.6 Amongst actions set out in his FPAP, the Warmer Homes programme and Fuel Poverty Support Fund have been operational since 31 January 2018 and a cross-sector Fuel Poverty Partnership was inaugurated on 23 May 2018. Further background is set out in MD2197.
- 1.7 To further complement this work and help increase the volume, depth and quality of home energy retrofits which are required, the GLA is continuing to explore and consider new opportunities to develop, support and augment projects and services to help tackle fuel poverty in London.
- 1.8 Four London boroughs (Barnet, Enfield, Haringey, Westminster) currently hold £400,000 of unallocated grant funding from RE:NEW Phase 1. These funds were retrieved by the boroughs from the lead contractor of a previous programme for non-delivery. Subsequently, in June 2015, GLA's Investment Programme Board agreed to repurpose the funds within the boroughs (at a 65/35 per cent capital/revenue split). A suitable project (North London Warm Homes programme) to allocate these funds to, has been identified and agreed between all four boroughs and the GLA. The project would involve three boroughs (excluding Westminster<sup>2</sup>) and draw down on £300,000 of the remaining funding.
- 1.9 This paper therefore seeks approval to support the North London Warm Homes programme (NLWH) by reallocating £300,000 to Barnet, Enfield and Haringey to support fuel poor households as part of a £3 million programme. The remaining funds comprise National Grid's Warm Homes Fund (£1.5 million), carbon offset and decent homes funding (£818,000), and other smaller funding sources.
- 1.10 The programme, which will run until February 2020, will provide advice, home visits, and the installation of energy efficiency improvements to *social and private rented* fuel poor homes in these boroughs. Delivery activity will be supported by advice and referral services which the Mayor already part-funds through his Fuel Poverty Support Fund, among other similar local schemes.

<sup>1</sup> <https://www.gov.uk/government/publications/committee-on-fuel-poverty-annual-report-october-2017>

<sup>2</sup> Westminster decided they do not have enough suitable homes to take part in this programme. Discussions are being held with Westminster around options for how their remaining portion of the funding can be spent.

- 1.11 Three new funding agreements would need to be put in place with the boroughs upon Mayoral decision approval.

#### **Rationale for supporting the programme**

- 1.12 In addition to supporting key Mayoral objectives around carbon emissions reduction and fuel poverty alleviation, there is a strong case for supporting the North London Warm Homes programme (NLWH) as it will:

- **complement the Mayor's Warmer Homes programme which focusses primarily on owner-occupiers by targeting a wider array of homes**, specifically the least efficient social and private rented homes. Moreover, NLWH could support homes being treated under the Mayor's Warmer Homes programme by providing further funding for energy efficiency improvements (e.g. where improvements required for a household, exceed the £4,000 grant available under Warmer Homes)
- **focus on replacing the worst electric heating systems in off-gas grid homes. An estimated £7,500 grant would be allocated per home retrofit which could also help drive renewable heating deployment** (further complementing Warmer Homes which focusses on boilers replacements and repairs, insulation, ventilation and window upgrades). This is a high level of grant which is made possible through the multiple funding streams (notably, National Grid Warm Homes, carbon offsetting and decent homes funding)
- **target households located within the 25 per cent most deprived areas within each of the three participating boroughs**. Fuel poor households will be targeted by analysing benefits data with Energy Performance Certificate (EPC) data. The boroughs will then work with local community groups and carry out direct mailings to residents where fuel poverty is more acute
- **provide valuable learning** of which approaches are most effective for addressing fuel poverty in social housing and the private rented sector, through evaluation, and gather evidence of the benefits of these approaches to build the case for further Mayoral action in the future
- **enable the existing GLA funding allocated to the three boroughs to be used for fuel poverty support and carbon reduction activity** which was the original purpose of the funding when allocated under RE:NEW Phase 1
- **fulfilling the Mayor's commitment in his Fuel Poverty Action Plan** to work with stakeholders to make the most of the National Grid Warm Homes Fund.

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

- 2.1 The principal aim of supporting the NLWH is to extend Mayoral action already being taken to tackle fuel poverty in the boroughs of Barnet, Enfield and Haringey, in line with Mayoral objectives.
- 2.2 The expected outcomes of this support programme are aligned with the indicators set out in the Mayor's Fuel Poverty Action Plan. It is expected that this programme will:
- a. **reduce the number of fuel poor households and the overall fuel poverty gap in London**, by supporting advice, home visits, and the installation of energy efficiency measures in 400 fuel poor homes to make them cheaper to heat and more comfortable, and reduce the impact of cold living conditions on health. As a part-funder, the Mayor will be directly responsible for these savings in at least 40 of the 400 homes that are supported, as well as playing a key part in enabling the delivery of the whole programme
  - b. **reduce the number of cold homes in London** by moving as many of the homes that benefit from support as possible to EPC Band C ahead of the government's 2035 target (recognising that, depending on technical feasibility, customer preference and availability of funding, it may not be possible to move all homes to EPC band C)

- c. **help fuel poor households save on their energy bills.** These savings are expected to vary, depending on the measures installed<sup>3</sup>, with an estimated average of £430 per household. Although these could be much higher. For example, replacing old electric storage heating with an air source heat pump can save a household up to £820 a year
- d. **reduce CO<sub>2</sub> emissions.** Emissions savings are estimated to be one tonne of CO<sub>2</sub> per year, per home, depending on the mix of measures installed
- e. **contribute to improved air quality** in homes where old boilers are replaced with ultra-low NOx models (or air source heat pumps) and reducing gas consumption through the installation of building fabric improvements
- f. **promote behaviour change** through energy efficiency advice and support
- g. **increase understanding** of which approaches are most effective for addressing fuel poverty, through evaluation, and gather evidence of the benefits of these approaches to build the case for further action in the future.

### 3. Equality comments

- 3.1 The GLA will take appropriate steps to ensure that there are no potential negative impacts expected on those with protected characteristics. Those with protected characteristics will gain from the positive benefits of this scheme in equal measure should their properties be selected, and there will be equality of access to participate in the delivery and benefit from the scheme, without discrimination.
- 3.2 It is expected that supporting this programme will have a positive impact on lower income and fuel poor households directly through the grant support they will receive, and by catalysing greater awareness of energy use and the opportunities to reduce their consumption. The number of homes in fuel poverty will be estimated through the scheme, including the extent to which the measures delivered through the scheme, help alleviate that fuel poverty.
- 3.3 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 3 (above) of this report.

### 4. Other considerations

#### Selection of beneficiary homes

- 4.1 Boroughs will look to carry out desktop analysis of homes which are a priority to improve, by cross-referencing benefits and EPC data, work with delivery partners to support lead generation through installers and community groups, as well as undertake direct marketing and mailouts.
- 4.2 There will be specific targeting of households located within the boroughs' 25 per cent most deprived areas to maximise the benefits to residents living in fuel poverty.
- 4.3 Boroughs are keen to target fuel poor households within the private and private rented sector. This will provide valuable lessons for Warmer Homes, which will be piloted to the private rented sector from the summer.

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<sup>3</sup> Based on standardised savings for measures under the Energy Company Obligation

- 4.4 Through existing enquiries and referrals, around 100 homes have already been identified as potential recipients of the grant funding.

### **Delivery**

- 4.5 As a consortium, the three boroughs have experience of delivering similar programmes together, and will utilise an already well-established project management and delivery model (experienced borough officers utilising existing fuel poverty referral networks, including SHINE, and trusted contractors).
- 4.6 Each of the three boroughs will lead on the delivery of the programme at a local level, including the management of contractors and energy advice teams. All energy efficiency improvements will be subject to a final inspection by boroughs to ensure that these have been correctly installed, are to the required quality control standards and meet client satisfaction criteria. Payment will only be released to contractors following this sign off process.
- 4.7 Delivery activity will be supported by referrals through SHINE London which will work closely with the Citizens Advice Bureaux and utilise existing partnerships with community groups across the three boroughs.

### **Provision of energy advice**

- 4.8 Energy advice will be delivered by boroughs' own energy advice services and delivery partners, (including through SHINE).
- 4.9 This scheme will offer both telephone advice to customers as well as home visits.
- 4.10 In addition, delivery partners will be required to develop a simple illustrated user guide for newly installed heating systems to ensure the new heating system can be operated by the occupant.
- 4.11 Partner boroughs will also work with community liaison officers for the social rented sector and community groups for private sector to develop and provide after care support and behavioural change advice as part of the legacy of the scheme.

### **Project costs**

- 4.12 The London boroughs of Barnet, Enfield and Haringey have secured £2.7 million made up of £1.5m from the National Grid Warm Homes Fund and £818,000 from their own carbon offset and decent homes funding. The remainder is from borough internal budgets, Energy Company Obligation funding and Warm Zones funding.
- 4.13 Repurposing £300,000 of unspent RE:NEW Phase 1 funding will allow the programme to reach more homes.
- 4.14 The GLA would specify in the funding agreement that it receives a pro-rata rebate of any funding that is unspent at the end of the programme.
- 4.15 Capital spend will be used for the installation of heating measures, including labour and materials.
- 4.16 Revenue spend will be on Project Management (required to manage the programme including survey fees), administration and marketing (required to develop and distribute print marketing materials).

### **Scheme governance and oversight**

- 4.17 The scheme will be overseen by the Energy Efficiency and Delivery Team within the GLA Environment Unit, which will liaise with the various stakeholders involved to ensure that programme objectives are met, risks are managed and that any issues are quickly resolved.
- 4.18 National Grid, the majority funder, have set strict reporting criteria which GLA officers have already reviewed and endorsed. This includes ensuring that eligibility criteria are met.

- 4.19 Evaluation of the scheme will be carried out by the boroughs themselves with input and oversight from the GLA. A range of case studies will be captured over the lifetime of the programme, which will help to inform any Warmer Homes successor programmes, as well as a project closure report.

### **Risks and issues**

- 4.20 Since this proposal is for the GLA to fund only a small proportion of the programme costs (approximately ten per cent) any risk will be borne by the three boroughs involved.
- 4.21 Key programme risks and issues are set out in the table below:

<b>Risk</b>	<b>Likelihood (out of 5)</b>	<b>Impact (out of 5)</b>	<b>Rating</b>	<b>Mitigation</b>
Lack of take-up results in lower number of fuel poor households supported.	1	2	2	Avoid. The boroughs have a tried and tested route to gather referrals and target support. GLA can also monitor and assist delivery if necessary, but this is considered unlikely.
Misuse of funds for non-eligible spend	1	2	2	Avoid. Grant Agreements will set out stringent spending terms which will be monitored.
High demand for the scheme leads to overspend.	1	4	4	Avoid. The scheme will operate on a first come first served basis and be comprehensively monitored by National Grid and the three boroughs. Each verified application will commit funds from the available funding pot so the risk of overspend is mitigated.
Drop out due to not meeting eligibility criteria leads to underspend (and reduced number of installations and benefits)	2	2	4	Reduce. Through effective targeting, the boroughs will ensure this risk is mitigated.
Poor quality installation - leading to customer complaints, increased demand on resources and reputational risk	1	3	3	Treat. GLA officers are satisfied with the approach boroughs are taking on customer journey and procurement of delivery partners, and will monitor the programme throughout.

## **5. Financial comments**

- 5.1 There are no additional costs arising from this proposal to repurpose £300,000 of un-spent phase 1 RE:NEW funding as these funds were already paid over to the London Boroughs as part of the original funding agreement, which they currently hold within their accounts.
- 5.2 It should be noted, however, the repurposing of these funds to support the North London Warm Homes Programme will be subject to a new funding agreement, which will govern the use of the



£300,000, and outline the key financial accountabilities of the grant award including the project outputs, the methodology for monitoring the project, and the type of evidence required to prove successful delivery of the project. The new grant agreement will also include specific clauses that provides the GLA the right to recover any unspent funding at the end of the programme, scheduled until February 2020.

- 5.3 At this stage the expenditure profile until February 2020 is not known, but will be built into the grant agreement with the London Boroughs once confirmed. For information the £300,000 will be a combination of capital and revenue funding (£195,000 capital; £105,000 revenue).

## **6. Legal comments**

- 6.1 The foregoing sections of this report indicate that:

- the decisions requested of the Mayor involve 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 and social development 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:
  - (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
- In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty which is addressed in section 3 (above) of this report.
- Paragraph 5.1 above indicates that the contribution of £300,000 to the London Boroughs of Barnet, Enfield and Haringey for the provision of grant funding and not payment for works/supplies/services. Officers must ensure that the funding is distributed fairly, transparently, in accordance with the GLA's equalities and in manner which affords value for money in accordance with the Contracts and Funding Code.
- Officers must ensure that an appropriate funding agreement is put in place between and executed by the GLA and recipient before any commitment to fund is made.

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

In principle funding agreed between the boroughs and National Grid Affordable Warmeth Solutions (the major funder)	January 2018
Memorandum of Understanding and funding agreement signed with boroughs	June 2018
Inagraul project working group (meeting monthly thereafter) and commencement of installations and advice	June 2018
Works and advice in 400 properties to be completed	February 2020
Scheme closure and evaluation	May 2020

### **Appendices and supporting papers:**

None.



**Public access to information**

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) 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 approval or on the defer date.

**Part 1 Deferral:**

**Is the publication of Part 1 of this approval to be deferred? NO**

If YES, for what reason:

Until what date:

**Part 2 Confidentiality:** Only the facts or advice considered to be exempt from disclosure under the FOI Act should be 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:**

Ben Coombes has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

**Sponsoring Director:**

Lucy Owen 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 11 June 2018.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

**Signature**

*M. D. Allen*

**Date**

*11.6.18*

**CHIEF OF STAFF:**

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

**Signature**

*D. Bellamy*

**Date**

*11/6/2018.*

