

GREATER LONDON AUTHORITY

REQUEST FOR ASSISTANT DIRECTOR DECISION – ADD2173

Title: Reallocation of LBCS capital underspend to Better Boilers

Executive Summary:

The Mayor's Better Boilers scheme aims to replace and repair inefficient and broken boilers in up to 500 owner-occupied homes of people who are in receipt of qualifying benefits (a proxy for fuel poverty). Mayoral Decision 2057 approved the reallocation of capital funding of up to £1m from the London Boiler Cashback Scheme budget to the Better Boilers scheme. A small amount of additional capital funding is, however, required to complete the remaining boiler replacements and repairs.

It is proposed that up to £25k of capital funding underspend from the London Boiler Cashback Scheme (from a total underspend of £122,000 of its £1.6m capital budget) is reallocated to Better Boilers to complete these remaining boiler replacements and repairs.

It has been agreed with the Governance Team that an ADD form is the most proportionate way of seeking this approval.

Decision:

That the Assistant Director approves expenditure of a further £25k of capital funding on the Better Boiler scheme to complete the remaining boiler replacements and repairs, with the funding being reallocated from the London Boiler Cashback Scheme budget.

AUTHORISING ASSISTANT DIRECTOR/HEAD OF UNIT:

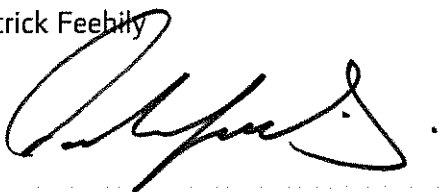
I have reviewed the request and am satisfied it is correct and consistent with the Mayor's plans and priorities.

It has my approval.

Name: Patrick Feehily

Position: Assistant Director, Environment

Signature:



Date:

6/11/2017.

PART I - NON-CONFIDENTIAL FACTS AND ADVICE

Decision required – supporting report

1. Introduction and background

- 1.1 On 6 December 2016, the Mayor approved the reallocation of existing capital funding of £1m from the London Boiler Cashback Scheme¹ (LBCS) budget to the Better Boilers scheme to directly address fuel poverty (MD 2057).
- 1.2 Subsequently, Better Boilers was launched on 9 January 2017, to replace and repair inefficient and broken boilers in up to 500 owner-occupied homes of people in receipt of qualifying benefits (a proxy for fuel poverty). The scheme is managed and administered by the Energy Saving Trust (EST).
- 1.3 The Better Boilers scheme closed to new applications on 31 August 2017, and delivery of the final boiler replacements and repairs are nearly complete. As at 24 October 2017, 827 full-applications had been received and 486 installations had been completed. Customer satisfaction is high (around 95 per cent), and a promotional video showing testimonials has been widely shared through social media channels. The scheme has already provided key insights which will help inform potential future schemes under the Mayor's draft Fuel Poverty Action Plan.
- 1.4 In order to deliver the remaining pipeline of boiler replacements and repairs, a small amount of additional capital funding is required due to average boiler installation costs being higher than expected (due to some homes requiring e.g. additional work undertaken on heating systems and removal of asbestos, which has increased overall delivery costs). It is therefore proposed that up to £25k of capital funding underspend from the LBCS is reallocated to Better Boilers. This will enable the remaining pipeline of boiler replacements and repairs to be delivered.

2. Objectives and expected outcomes

- 2.1 The proposed reallocation of existing capital funding underspend from the LBCS to Better Boilers will allow the successful delivery of the remaining pipeline of boiler replacements and repairs in vulnerable households which have inefficient or broken boilers and are deemed to be in fuel poverty. The scheme was originally established to drive savings in the energy bills of vulnerable Londoners and/or allow them to heat their home adequately, and to reduce CO₂ and NO_x emissions by:
 - a. **supporting up to 500 households in fuel poverty** and helping to prevent excess winter deaths
 - b. **saving carbon** - replacing 500 inefficient boilers should save up to 368tCO₂ per year
 - c. **cutting an individual household's energy bill** by an average of £150 a year, (depending on the size of the property, the efficiency of the boiler being replaced and whether the property was previously being overheated)
 - d. **improving air quality**. Each boiler installed through the scheme is ultra-low NO_x (and must emit no more than 40 mg/kWh NO_x, as per the requirements for new build energy performance standards in the London Plan)
 - e. **reducing the risk of carbon monoxide poisoning**
 - f. **promoting behaviour change** through the installation of new heating controls, and energy efficiency advice and support.

¹ The London Boiler Cashback Scheme closed to new applications on 31 March 2017. As of October 2017, around 3,694 homes had replaced boilers under the scheme, delivering annual savings of around 5,500 tonnes of carbon dioxide (tCO₂) and over £1.24m per year off Londoners' fuel bills. In addition, the scheme has reduced the risk of carbon monoxide poisoning in London's homes and improved air quality.

3. Equality comments

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. This scheme has a positive impact on lower income and fuel poor households directly through the direct grant support they receive.

4. Other considerations

a) Risks and issues

Risk	Likelihood (out of 5)	Impact (out of 5)	Rating	Mitigation
Scheme takes longer to deliver than anticipated, resulting in further administration costs.	1	2	2	Avoid. A learning point from the scheme to date is that some applications are far more time consuming than envisaged, often due to difficulties in processing some vulnerable customers (requiring on occasion nearly 20 interactions over a four week period). Separately, through DD2168, we have agreed a fixed-fee contract with EST which administer the scheme so the GLA will not incur extra costs (revenue or capital) if the remaining boiler replacements and repairs take longer to deliver.
Final boiler replacements and repairs hold up evaluation of the scheme.	1	1	2	The evaluation of the scheme is already underway and will be updated with final delivery information and outturn data.

b) Links to Mayoral strategies and priorities

Continued administration and evaluation of the scheme will contribute to meeting the following Mayoral priorities:

- c) London becoming a zero-carbon city by 2050
- d) investing in older homes to make them more energy-efficient
- e) restoring London's air quality to legal and safe levels.

5. Financial comments

- 5.1 The Decision is seeking approval for additional capital budget of £25k for the Better Boilers scheme. A budget of £1m was originally approved in MD 2057 for this scheme. Energy Saving Trust, the organisation that managed the London Boilers Cashback scheme, has an unspent balance of £122k, which will be returned to the GLA. The additional spending of £25k on the Better Boilers scheme will be funded from this £122k.

6. Planned delivery approach and next steps

Activity	Timeline
Target date for remaining claims receipted and processed by the end of October (with GLA acceptance that there will likely be some that are not processed until November).	14 November 2017
Final scheme reconciliation - once all applications have been claimed/cancelled provide a final report of applications made/claimed and any funds remaining, if applicable.	30 November 2017

Appendices and supporting papers:

MD 2057

DD 2168

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:

Commercial sensitivity.

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:**

James Hardy has drafted this report in accordance with GLA procedures and confirms that the Finance and – if relevant- Legal teams have commented on this proposal as required, and this decision reflects their comments.

Corporate Investment Board:

The Corporate Investment Board reviewed this proposal on 6 November 2017.

HEAD OF FINANCE AND GOVERNANCE:

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

Signature:



Date:

06-11-17

