

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2775

Title: Warmer Homes phase 3 and Green Homes Grant Local Authority Delivery scheme funding

Executive Summary:

The Mayor wants to make London a 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 December 2020, the GLA led and submitted a successful consortium bid for £6,879,950 of Green Homes Grant Local Authority Delivery (LAD) scheme funding (1b) to deliver additional deep retrofit improvements for 836 low income London households, across various tenures. The budget needs to be spent by the end of September 2021. This builds upon the £2,565,500 that we secured under the Local Authority Delivery scheme 1a.

Separately but related, since January 2018 the Mayor has operated the Warmer Homes programme, which is set by September 2021 to have improved the energy efficiency of 2,345 low income Londoners' homes. In addition to £5m core GLA funding, approximately £8.7m of national match funding for Warmer Homes (the £9.5m LAD 1a and 1b funding described above plus c. £1m of ECO and Borough match funding, less £1.8m allocated to support energy efficiency measures by social landlords) has now been secured. This means the GLA is close to reaching the £13.97m procurement headroom for this programme. With considerable national funding available over the next few years there is a need to go back out to tender.

Decision:

That the Mayor approves:

1. receipt of £6,879,950 of Green Homes Grant Local Authority Delivery scheme funding from the Department for Business, Energy and Industrial Strategy, by September 2021;
2. expenditure of £5,632,000 of the above funding to match the Mayor's existing Warmer Homes programme funding to deliver energy efficiency improvements in the homes of around 500 low income London households by September 2021;
3. expenditure of £1,247,950 of the above funding to support five social landlords to improve the energy efficiency of their stock to deliver improvements in the homes of around 336 low income London households by September 2021; and
4. commencement of a procurement process, and entry into a framework agreement, for the delivery of Warmer Homes 3, noting the acceptance and expenditure of funding for this will be subject to future decision forms.

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:

1/3/21

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 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: A Green New Deal and A Robust Safety Net.
- 1.2 The Government's Clean Growth Strategy sets out an aspiration for all fuel poor homes to be upgraded to Energy Performance Certificate (EPC) Band C by 2030 and for as many homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable. The statutory fuel poverty target for England was set out in 2014 and it "is to ensure that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band C, by 2030". *Sustainable Warmth: protecting vulnerable households in England* was published in February 2021 and is the government's fuel poverty strategy, outlining steps towards this. The Mayor's Fuel Poverty Action Plan lays out actions to help achieve this target in London.
- 1.3 In 2018 there were 392,000 households living in fuel poverty in London, which equates to over 11 per cent of all households. London continues to lose out on funding from the Government's Energy Company Obligation (ECO); while Londoners contribute 13 per cent of ECO through their energy bills, less than five per cent of funding finds its way back to London. 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 and fuel poverty advice.
- 1.4 The focus of the current Warmer Homes scheme has been to target energy efficiency support to fuel poor households, including extending the scheme to the private rented sector in November 2018. The current, second phase of Warmer Homes was approved by MD2412.
- 1.5 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 funding will 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 E, F or G), including off-gas grid homes. The initial two phases of the scheme (1a and 1b) provide £200 million funding for local authorities to upscale existing energy efficiency improvement projects. A further £300 million will be available in the second phase of the scheme in 2021 for Local Energy Hubs in England to procure services that support upgrading eligible homes. London has been allocated between £20m and £30m for this second phase. The GLA can apply for all stages of the funding. It is from Phase 1b that we have secured £6,879,950. MD2712 approved receipt of our Phase 1a funding of £2,565,500.
- 1.6 In the latest fuel poverty strategy for England, the government committed to maintaining ECO at £1bn per year between 2022 and 2026, up from £640m annually at present. London's proportionate share of the £4bn of ECO 2022-2026 would be £519m, or around £130m annually.
- 1.7 In November 2020, the government announced the introduction of the Home Upgrade Grant. This grant will support low-income households with upgrades to the worst-performing off-gas-grid homes in England. These upgrades will support low-income families with the switch to low-carbon heating,

contributing to both fuel poverty and net zero targets. The Home Upgrade Grant is due to commence in early 2022. Based on household numbers our fair share of this would be £22.6m. A new procurement strategy would be aimed at maximising our share of all these funds and any others that become available.

- 1.8 London is facing the most challenging period in recent history, following the initial and ongoing impacts of coronavirus. 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 and contributes to two of the missions set out above.
- 1.9 There are currently no programmes in London supporting retrofit of homes in the private, able-to-pay sector, particularly owner occupiers, which account for approximately 51 per cent of homes and an estimated 66 per cent of domestic CO₂ emissions in London. This sector must be addressed in order to make progress towards the targets set out in the Mayor's London Environment Strategy.
- 1.10 Retrofit also has significant job creation potential. A programme worth £177m would support an estimated 2,600 jobs¹. The development of green skills and new green jobs is a central part of the Good Work for All Londoners recovery mission, and the GLA's retrofit programmes will play a significant part in achieving the mission's objectives. Delivery of the Green New Deal mission will help London to recover by creating new jobs and skills for Londoners. It will ensure London becomes a zero-carbon city by 2030.
- 1.11 The government's Each Home Counts review has identified that installations of energy efficiency measures too often fall short of the required standard, leading to unintended consequences and undermining trust in installers. Research by the Environment Team has also identified a shortage of suitably qualified surveyors and installers across London, particularly for measures such as solid wall insulation.
- 1.12 Aside from boilers and double-glazed windows, there is a lack of attractive service offers for householders to help improve the energy performance of their homes – whether an offer of advice, technical assistance, clear and transparent quality standards, finance or a combination of all of these. In the absence of consumer demand for energy efficiency measures, and a skilled supply chain to deliver works to a good standard, there is no substantive functioning market for home retrofit in any part of the country. This means the scope and pace of retrofit activity across London, and the country more generally, is limited, slow and often of questionable quality.

Current Warmer Homes programme

- 1.13 The second phase of the Mayor's £4.95 million Warmer Homes programme was launched in March 2020, providing up to £4,000 worth of energy efficiency improvements to 1,188 qualifying fuel poor homes. This programme was approved by the Mayor in March 2019 through MD2412.
- 1.14 Warmer Homes forms part of the wider Energy for Londoners (EfL) programme, which aims to deliver against the targets set out in the London Environment Strategy, making London's homes warm, healthy and affordable. The programme takes a whole house approach, identifying a package of measures based on the needs of each customer and their home. Within EfL, and particularly in the Energy Leap pilot project and the Retrofit Accelerator – Homes programmes, there has been an increased focus on deeper retrofitting. This approach aims to achieve greater occupant benefits including lower bills, greater comfort and improved health and wellbeing, in addition to reduced CO₂ emissions.

¹ C40 toolkit for assessing the benefits of retrofit, using the lower bound estimate, 12.8 FTE are supported per 1 million euros spend (33% direct, 52% indirect and 15% induced)

- 1.15 Warmer Homes has received over 1,600 applications and is set to deliver improvements to 1,188 homes by September 2021. Many of these homes will be ineligible or have no suitable package of works identified and the Greener Homes Grant funding will mean that we can offer grants to around 500 further new applicants, identified in collaboration with the boroughs.
- 1.16 Warmer Homes is currently delivered by Happy Energy Solutions Ltd who process applications and oversee the installation of energy efficiency measures. We specifically procured with a headroom of £13.97m in order that we could take advantage of further sources of funding without the need to re-procure, allowing us to contract Happy Energy Solutions Ltd to carry out the works without a further procurement exercise.
- 1.17 With an additional £8.7m in match funding for Warmer Homes secured (comprising £9.5m of LAD funding, plus c. £1m of ECO and Borough match funding, less £1.8m to support energy efficiency measures by social landlords) in addition to the GLA's own core funding for this programme, the GLA has now almost reached the £13.97m procurement headroom. This is set out in the table below.

Total funding (Warmer Homes and social landlords)			£15,495,450
GLA core Warmer Homes funding			£4,950,000
Match funds			£10,545,450
	Energy Company Obligation	Energy suppliers	£1,000,000 (projected)
	Borough match funds (carbon offset funds, Better Care Funds etc)	Boroughs	£100,000 (projected)
	Green Homes Grant Local Authority Delivery 1a	BEIS	£2,565,500
	Green Homes Grant Local Authority Delivery 1b	BEIS	£6,879,950
	Match funds Warmer Homes share		£8,745,300
	Match funds social landlords share		£1,800,150
Total Warmer Homes funding (core + Warmer Homes match)			£13,695,300

- 1.18 This now limits what money we can leverage (e.g. through Government or ECO) or invest directly ourselves. It is therefore critical that we re-procure to increase our headroom. Moreover, given timelines for spending government funding, we need to procure as soon as possible, otherwise we run the risk of having to give money back to the Government.
- 1.19 This Mayoral Decision therefore seeks approval to receive the Green Homes Grant funding from government and procure a new delivery partner(s) so that the programme can continue to be delivered.

Green Homes Grant programme overview

- 1.20 The consortium bid we submitted to government is composed of two parts:
- £5,632,000 of this funding 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; and
 - £1,247,950 of the funding 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.

- 1.21 Up to £10,000 is available for each owner-occupied home and £5,000 for each privately rented home through the Green Homes Grant. Match funding will be sought for all packages from the Energy Company Obligation, local carbon offset funds and Better Care Funding to maximise improvements to homes. Measures will vary per property and are subject to a detailed whole house assessment, but the funding does not permit the installation of fossil fuel heating systems. Anticipated measures include air source heat pumps and solid wall insulation.
- 1.22 Around 336 homes have been identified by the five social landlords in our consortium and up to £5,000 is available (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 social landlords will be responsible for reporting on monthly progress to the GLA who will in turn submit monitoring returns to the Government.
- 1.23 Breakdown of grant:

Organisation	Homes	Capital (£)	Ancillary/admin (£)	Total (£)
GLA	500	4,901,000	731,000	5,632,000
LB Camden	17	85,000	12,750	97,750
RB Kensington & Chelsea	108	540,000	81,000	621,000
Peabody	161	241,700	0	241,700
Westminster CC	50	250,000	37,500	287,500
TOTAL	836	6,017,700	862,250	6,879,950

Green Homes Grant eligibility criteria

- 1.24 The Green Homes Grant eligibility criteria around income and energy performance are significantly tighter than for our own programme as they have strict energy efficiency and income thresholds. To be eligible for the grant funding under the Green Homes Grant Local Authority Delivery scheme enhancement to Warmer Homes, the applicant must fulfil the following criteria. Differences from Warmer Homes criteria are highlighted:
- own or rent their own home from a private or social landlord; if they are a landlord they can apply if their tenant is eligible:
 - Warmer Homes is not open to social housing.
 - live in a home with an Energy Performance Certificate rating of D, E, F, or G, with those rated D to constitute no more than half of the homes treated:
 - Warmer Homes does not set a maximum energy efficiency rating to qualify for support.
 - have a gross household income of below £20,000 per year after housing costs:
 - Warmer Homes is open to households in receipt of means-tested or disability benefits or those who are below the Minimum Income Standard after housing costs.
- 1.25 The amount of funding available is £10,000 for owner-occupiers and £5,000 for both social and private tenants.
- 1.26 In the case of GLA's own share of the bid, our contractors, Happy Energy Solutions Ltd, will seek evidence of income and the social landlords will do this for their own tenants.
- 1.27 Eligible measures would include:

- building fabric measures such as loft, wall, roof, or floor insulation;
- glazing upgrades glazing or draught proofing; and
- renewable technologies and battery storage.

Green Homes Grant programme procurement and set-up

- 1.28 An OJEU-compliant procurement for our own Warmer Homes programme was carried out in winter 2019/20 and Happy Energy Solutions Ltd were appointed as contractors. There is headroom within the procurement for delivery of up to £13.97m of value. We will need to vary the agreement with the contractor in accordance with the variation procedure set out in our contract with them. To the extent that there are certain Government conditions to be met not currently covered, we will need to structure the work to be done using the government funding so that it fits their conditions and if required we may need to add some of the legal terms.
- 1.29 The social landlords involved in the consortium are responsible for their own procurement.
- 1.30 A condition of the Green Homes Grant Local Authority Delivery funding is that project expenditure is completed by 30 September 2021, with any underspends potentially being repaid. Given this condition, the proposed funding agreements with the social landlords and the GLA's contract with Happy Energy Solutions Ltd will include milestones and deliverables for the 2021/22 financial year only. This means that there will not be any potentially unfunded contractual commitments that will fall beyond the 2021/22 financial year.
- 1.31 It is expected at this stage that the full grant will be utilised as planned. However, any underspends at year end would represent underperformance by project partners rather than contractual commitments slipping into 2022/23. The terms and conditions of the grant include the provision to allow for a project extension to be granted and project underspends to be utilised beyond 30 September 2021, at the discretion of the Secretary of State. If these clauses need to be exercised and Government approval is granted, this will be subject to further approval via the Authority's decision-making process.
- 1.32 Recognising the constraints caused by the ongoing lockdown, the Mayor has also written to the Secretary of State calling for him to extend the current deadline for local authorities to deliver the Local Authority Delivery scheme by March 2021 to at least March 2022, in line with the Green Homes Grant voucher scheme. He has also suggested that the government considers devolving this funding to the GLA in London to speed up delivery.

Warmer Homes 3 programme procurement and set-up

- 1.33 It is proposed that the GLA would procure a service provider for up to five years to deliver the programme of energy efficiency offers to fuel poor and able to pay households. An OJEU-compliant process needs to be undertaken because of the contract value, and because the existing delivery arrangements cannot be extended beyond the scope of the original procurement. Undertaking a procurement process will also ensure best value for money is achieved and will enable learning from the first two phases of Warmer Homes to be applied. There is no suitable existing procurement framework for the scope of services required.
- 1.34 The total value of the procurement would reflect the potential for the programme to lever in additional funding through ECO, national government grant funding, carbon offset funding, contributions from able-to-pay customers and finance offers. It could exceed £150m and would therefore exceed the GLA existing (and any future) budget allocation. The chosen procurement route would allow for a degree of flexibility so the GLA can extend the scope and duration of the programme, or to allocate additional funding should this become available in the future.

- 1.35 The procurement strategy and contract structure are yet to be finalised. A procurement strategy will be developed in consultation with TfL Commercial as per the GLA Contracts and Funding Code. This will be informed by soft market testing.
- 1.36 A flexible approach potentially involving the London boroughs will create benefits in terms of procurement efficiency and would also put the GLA and boroughs in a stronger position to bid for third-party grant funding, where funding timescales are often short and calls require the applicant to have a delivery agent already in place. Recent experience of the Local Authority Delivery scheme has strongly highlighted the need for this.
- 1.37 Procurement lead times would mean the service provider(s) for the third phase of Warmer Homes will be in place around the time that the current phase ends. This means there will be a limited pause in delivery from one phase to the next. It is anticipated that the third phase would be in place for the autumn of 2021. Any delays to procurement would risk not having the programme operational for winter when fuel poor households are in most need.
- 1.38 Being able to commence procurement earlier will place us in the best position to secure national grant funding, to minimise the gap between programmes and enable continuing support to fuel poor during colder months, therefore it is proposed to proceed with procurement. The contract would not be awarded until after the upcoming elections.

2 Objectives and expected outcomes

Green Homes Grant Local Authority Delivery 1b

- 2.1 The key outputs from the Local Authority Delivery programme are expected to be as follows:
- 836 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 £235,578;
 - annual CO2 savings of 911.3 tCO2; and
 - annual energy savings of 3,097,889kWh.
- 2.2 Programme performance would be determined against a set of KPIs and qualitative indicators:

KPI	Target
Numbers of homes identified as eligible	836
Number of homes receiving at least one measure	836
Number of measures installed	989
Number of homes improved to a minimum Energy Performance Certificate (EPC) band of C and above as a result of installed measures	419
Average cost per home receiving a measure	£8,230
Number of jobs supported	Up to 115
Annual energy, carbon and bills savings expected to be achieved as a result of installed measures	3,097,889 kWh 911.3 t CO2£235,578

Warmer Homes 3

- 2.3 Warmer Homes 3 would be focused upon addressing fuel poverty whilst also providing the scope to extend into the able to pay sector. Based on analysis undertaken by the Environment and Energy Team and the policy proposals set out in the London Environment Strategy, there are several key principles to ensure the programme achieves the best possible outcomes and paves the way for increased uptake of home energy efficiency packages to:
- support the most disadvantaged in society through grants to fuel poor households;
 - provide a flexible approach to delivery to build on the success of Warmer Homes and meet residents' needs, regardless of tenure;
 - ensure high quality outcomes by implementing best-practice standards and build a trusted, London based supply chain;
 - work with other EFL programmes including London Power and the Retrofit Accelerator - Homes to maximise impact and share best practice;
 - work with partners, including London boroughs, to increase local delivery capacity; and
 - contribute to the development of a strong evidence base to help lobby government.
- 2.4 The main aim of the third phase of Warmer Homes would be further delivery of the Mayor's ambition for London to be a zero-carbon city by 2030 whilst tackling fuel poverty. This will serve to increase the deployment of energy efficiency measures across London and support growth of the energy efficiency supply chain, which is currently severely under-developed. The programme would be based on the two existing Warmer Homes workstreams:
- fuel poverty grant scheme: a continuation of the existing Warmer Homes scheme as the key pillar of the programme. A core capital budget for this scheme would be set with the aim of securing additional funding from other sources, including Energy Company Obligation (levied nationally on energy companies to provide financial assistance for the installation of energy efficiency measures), local authority carbon offset funding, and the Home Upgrade Grant; and
 - nomination of the delivery partner(s) procured as a "trusted contractor(s)" in London: to help improve quality and build consumer trust in the supply chain. This would mean that any Londoner seeking to improve the energy performance of their property would be able to access the same high standards of installation that is already being delivered to fuel poor households through Warmer Homes.

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 therefore expected that this scheme will have a positive impact on lower income and fuel poor households directly through the home refurbishments. 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:

- I. *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.
- II. *Proposal 10.1.1.e:* The Mayor will work with stakeholders from across the financial and environmental sectors to develop financing mechanisms.
- III. *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.
- IV. *Proposal 6.1.1b:* Pilot innovative methods to implement the stronger energy efficiency retrofitting needed.
- V. *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; and
- 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; and
- *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.

Key risks

Risk no	Risk	Likelihood (1-4)	Consequence (1-4)	Rating	Mitigation
1 – LAD1b	Social landlords in the consortium fail to deliver match funding	1	2	2	All consortium members have assured us of their match funding availability. If some are unable to meet their targets, then the funds will be offered to other members or rolled into the Warmer Homes side
2 – LAD1b	A continued lockdown means that contractors cannot go into homes	3	4	12	A revised delivery schedule would be proposed to the funder, with delivery extended into Quarter 3.
3 – LAD1b	Supply chain problems caused by the England-wide delivery of the various Green Homes Grant programmes simultaneously	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 – WH3	Procurement – low interest from market to	2	3	6	Early market engagement with supply chain planned to identify

	respond to the tender				any key constraints and ensure proposed contract arrangements are attractive and deliverable.
5 – WH3	Low uptake – fuel poverty grants scheme	1	1		The Warmer Homes Advice Service was established to support referrals to Warmer Homes and is a proven mechanism for this. Experience from Warmer Homes suggests that demand is likely to remain high.
6 – WH3	Low uptake – new pilots in the able to pay market	2	1	2	Each new pilot would be subject to regular review, with changes to marketing approach or the structure made in the event of low take up.

Conflicts of interest

- 4.6 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

Green Homes Grant Local Authority Delivery scheme

- 5.1 Approval is being sought for the receipt of £6,879,950 capital funding from BEIS from their 'Green Homes Grant Local Authority Delivery Scheme' to support the following:
- expenditure of £5,632,000 to match fund the GLA's 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; and
 - expenditure of £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.
- 5.2 The funding from BEIS is capital funding and will be accounted for within the GLA's 2020-21 Capital Programme, specifically the Environment Unit and as part of the conditions of the grant award, will have to be spent in full by 30 September 2021.

- 5.3 As noted within the main body of the report, for the element of expenditure that will match the GLA's existing Warmer Homes Programme (£5,632,000), there is an existing OJEU-compliant procured delivery partner, Happy Energy Solutions Ltd, who will be able to deliver this additional requirement as there is provision to extend the contract to include these works (including varying the contract to ensure compliance with Government's terms and conditions).
- 5.4 For the funding that would support the social landlords with their initiatives (£1,247,950), this funding will be administered directly to the London Boroughs (as indicated above) via funding agreements. These funding agreements will include the relevant clauses to ensure the compliance with the conditions stipulated by Government within their Grant Determination Notice and Memorandum of Understanding.
- 5.5 One of the conditions of the grant is that project expenditure is to be completed by the 30 September 2021. In order to mitigate any risk of projects slipping beyond this deadline with unfunded commitments, the funding agreement with the social landlords and the contract with the GLA delivery partner, Happy Energy Solutions Ltd will include milestones and deliverables up to the 30 September 2021 and any underspends that may transpire will be due to under performance. This means that there will be no contractual commitments beyond the 30 September 2021. It should be noted, however, that the terms and conditions of the BEIS grant includes the provision to allow for a project extension to be granted and project underspends to be utilised beyond the 30 September 2021 project completion date, at the discretion of the Secretary of State. If these clauses need to be exercised and government approval is granted, this will be subject to further approval via the Authority's decision-making process.

Warmer Homes 3 programme procurement and set-up

- 5.6 As detailed above, approval is also being sought to procure a new service provider for up to five years to deliver the programme of energy efficiency offers to fuel poor and able to pay households. An OJEU-compliant process needs to be undertaken because of the contract value, and because the existing delivery arrangements cannot be extended beyond the scope of the original procurement. The proposed contract value would reflect the potential to lever in additional funding in future years such as Government funding and carbon offset funding. It should be noted that the call off from the proposed new contract will be dependent upon match funding contributions being available in future years and could potentially be significant. It is anticipated that a new procured contract would be in place by the autumn of 2021, with any call offs from the contract being subject to further approval via the Authority decision-making process, with the source of funding clearly identified and confirmed.

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; and
 - (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.

- 6.3 If the Mayor is minded to make the decisions sought officers must ensure that they take all necessary steps to prevent the outcome of this decision having the effect of fettering the discretion of any successor administration, considering in particular the London elections taking place in May 2021.

Funding

- 6.4 In the second and third decisions of this decision form, the officers have sought approval for a £6,879,950 programme of funding aimed at providing energy efficient improvements to 836 London homes. The 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.
- 6.5 Moreover, the proposals in this decision form include the provision of capital grant funding to support five (private and public) registered providers of social housing to make improvements to around 336 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.
- 6.6 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".

Procurement

- 6.7 Officers must ensure that any external services are procured in accordance with the Authority's Contracts and Funding Code and with the assistance of Transport for London's commercial team. Furthermore, officers must ensure that appropriate contractual documentation be executed by both the Authority and the relevant service providers prior to the commencement of the required services.
- 6.8 Officers must ensure that any variation to the existing contract with Happy Energy Solutions Limited is in accordance with the terms of the contract and with the Public Contracts Regulations 2015, and that the variation is signed by the service provider prior to the commencement of the varied services.
- 6.9 The existing contract with Happy Energy Solutions Limited and the contract to be entered into with the new service provider should include appropriate break points considering the sources of future funding are not yet secured.

7 Planned delivery approach and next steps

Programme	Activity	Timeline
LAD1b	LAD1b delivery start date	March 2021
Warmer Homes 3	Soft market testing commences	March 2021
Warmer Homes 3	Procurement strategy and timescales approved	March 2021
Warmer Homes 3	Preparation of tender and contract documents	March 2021
Warmer Homes 3	Commencement of tender	April 2021
Warmer Homes 3	Tender submission deadline	May 2021
Warmer Homes 3	Evaluation of tender submissions and interviews	June 2021
Warmer Homes 3	Contract award	June 2021
Warmer Homes 3	Scheme mobilisation	June-July 2021
Warmer Homes 3	Scheme launch	August 2021
LAD1b	LAD1b delivery end date	September 2021
LAD1b	LAD1b project closure	September 2021
Warmer Homes 3	Decision deadline to extend/close scheme	February 2023

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? YES**

If YES, for what reason: the disclosure of (a) the intention to secure additional grant funding for the delivery of Warmer Homes 3; and (b) the intention to procure a service provider for the delivery of Warmer Homes 3 up to the value of any funding secured, could prejudice the GLA's ability to realise value for money in the procurement process.

Until what date: 31 July 2021

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 1 March 2021.

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

D. Gane

1 March 2021

CHIEF OF STAFF:

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

Signature

Date

D. Bellamy

1 March 2021