

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2862

Title: Supporting Community Energy in London

Executive summary:

The Mayor has declared a climate emergency, setting out his ambition for London to be a zero-carbon city by 2030. For this to happen, London will need to be supplied by a range of low-carbon energy sources. To support this, the Mayor is helping community energy groups to transition their neighbourhoods to clean, local energy.

The Mayor's London Community Energy Fund (LCEF) supports the Green New Deal mission. It provides much-needed support to get community energy projects up and running. Since 2017, it has supported 86 community projects, covering 26 boroughs. The majority of projects are enabling solar PV, alongside energy efficiency retrofit. If all projects proceed to installation, this will save over 2,500 tonnes of carbon a year and generate up to 8MW of additional solar capacity.

This Mayoral Decision seeks approval to a further round of funding through the LCEF in 2021-22, to further support the development and delivery of energy projects such as solar panels for schools, community centres, and GP surgeries.

Decision:

That the Mayor approves revenue expenditure of £740,000 to support community energy in London, comprising:

1. £665,000 of grant funding for the development and delivery of community energy projects in London through the Mayor's London Community Energy Fund
2. £75,000 of grant funding for tools and resources to support new and existing community energy groups
3. The reprofile of £315,000 from the 2021-22 Environment Programme Budget (Solar & Community Grant project line) to 2022-23.

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:

15/9/24

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

Decision required – supporting report

1. Introduction and background

- 1.1. The Mayor has declared a climate emergency, setting out his ambition for London to be a zero-carbon city by 2030. For this to happen, London will need to be supplied by a range of low-carbon and efficiently utilised energy sources. Solar photovoltaics (PV), smart technologies, renewable heating, community renewable heating and energy-efficiency measures will all play a key part in London's zero-carbon energy system. The Mayor's manifesto committed to a 'clean energy revolution'. This includes continuing to fund solar panels on schools, community centres and industrial estates, as well as supporting other community energy groups that are helping their neighbourhoods transition to clean, local energy.
- 1.2. The London Recovery Board, co-chaired by the Mayor of London and the Chair of London Councils, was established to lead the recovery response to the impacts of the pandemic. Its key outcomes include tackling rising unemployment, supporting communities, helping young people, narrowing inequalities, and ensuring a cleaner and greener recovery. Its nine missions include a Green New Deal mission, which has set the challenge to double the size of London's green economy by 2030.
- 1.3. Community energy groups have a key role to play in London's green recovery. As well as helping to decarbonise London, they raise local awareness of energy and climate change, and the benefits of clean and local energy. These groups have become experts in putting in place decentralised sustainable energy systems. Examples include installing solar PV on churches, social housing blocks and schools. Community-owned renewable energy projects are often financed through the purchase of shares by members of the local community.
- 1.4. Community energy also supports the supply chain development of London's green economy. Community energy projects facilitate the sharing of knowledge and skills development, offering entry points into careers that are vital for a just transition to a zero-carbon economy.
- 1.5. Some community groups focus on promoting energy efficiency and tackling fuel poverty, through financing or enabling the retrofit of measures that will reduce energy demand. This also fits well with the objectives in the Mayor's London Environment Strategy and the Mayor's Solar Action Plan. There is currently no funding support from the government to support community energy groups in urban areas.
- 1.6. The LCEF was established in 2017 and has supported 86 community energy projects over four funding phases. Under cover of MD2137, DD2200, MD2331, DD2417 and MD2708, a total allocation to the LCEF of £1,169,000 has been approved so far. In addition to this £75,000 of funding was allocated to support community energy groups through Community Energy London (CEL).
- 1.7. In the fourth funding phase, launched in November 2020, the LCEF provided capital grants of up to £50,000 for project delivery (covering up to one-third of total project costs); and grants of up to £15,000 for project development. This fourth phase of the LCEF, the largest to date, has supported 38 community energy projects across 23 boroughs. On completion, these projects will save an estimated 1,000 tCO₂ per year adding 3,700 kWp of renewable energy capacity. So far, the LCEF has contributed over £1m to community projects and is estimated to deliver savings of 2,500 tCO₂ per year, as well as other important social and economic benefits to local neighbourhoods.
- 1.8. CEL is a network of people and organisations with an interest in supporting the development of community energy projects across the capital. It holds monthly meetings with its membership of community energy groups and provides tools and services to support the expansion of community energy in London. With the £75,000 of GLA funding approved in MD2708, CEL developed resources and support for groups to establish new community energy projects. CEL used this funding to:

- produce guidance on business models available to community groups, appropriate to their ambition, project type and financial need
 - produce guidance to help new groups to register as a community organisation, establish governance rules, terms of reference, and routes for expanding their communication
 - develop monitoring and valuation metrics for community projects
 - promote opportunities to Londoners to engage and invest in community energy.
- 1.9. There is significant demand for ongoing community energy projects. Many of the LCEF phase 4 feasibility studies are ready for delivery, providing a pipeline of projects for phase 5. Consultation with the sector has told us that groups would primarily continue to benefit from:
- support to upskill community energy groups to continue to produce viable projects
 - grants towards capital funding for project delivery to make up for the loss of the feed-in tariff and other incentives
 - project development support to maximise and optimise existing projects.
- 1.10. This Mayoral Decision seeks approval for £740,000 of revenue expenditure to support community energy in London, including:
- £665,000 of grant funding for development and delivery of community energy projects in London through the Mayor's LCEF
 - £75,000 of grant funding for tools and resources to support new and existing community energy groups provided by CEL.
- 1.11. Grants will be awarded in accordance with the provisions of the GLA's Contracts and Funding Code.

2. Objectives and expected outcomes

- 2.1. Supporting community energy will contribute to the Mayor's ambition for London to be zero-carbon by 2030. In his 2018 Solar Action Plan, published before the Mayor declared a climate emergency, the Mayor set an ambition for London to achieve 1 GW of solar capacity by 2030. The LCEF will fund the development and deployment of community energy schemes. These include community solar projects that provide an important contribution towards this target.
- 2.2. Project development support funded through the LCEF will provide each community energy group with a strong and detailed business case for investment; and ensure each project is ready to proceed to investment, and ultimately, delivery. As part of the project development process, the applicants will share their experiences and testimonials to inform and inspire other like-minded groups to deliver similar projects.
- 2.3. LCEF phase 4 has provided £263,000 in development grants to 24 projects and £276,000 in project delivery grants to 14 projects. It has also utilised £75,000 to support capacity building of the sector through CEL. With the additional £665,000 sought through this approval, it is expected that LCEF phase 5 will support the development of 15 projects and the delivery of 25 projects. We expect more demand for delivery funding, given the support provided through previous LCEF phases to help community groups develop project pipelines.
- 2.4. In keeping with previous LCEF funding rounds, we will produce a prospectus that sets out the criteria for funding applications. This will be published as the fifth phase of the LCEF is launched later this autumn. Applicants will be asked to set out how they plan to deliver their project(s) and will be scored based on how likely their project(s) will be successfully delivered, along with associated impacts

relating to carbon savings, job creation and retention, skills development and community empowerment. We expect the majority of funding to be allocated before the end of 2021 to projects that will be completed by March 2022.

- 2.5. We will set aside funding, available in 2022 on a first-come first-served basis, to support a further five to 10 projects. This permits projects unable to secure match-funding, or similar, until early 2022 to apply for the remaining funds, for project completion later in 2022.
- 2.6. The fund will offer:
 - grants of up to £15,000 to develop feasibility studies and business cases
 - grants of up to £50,000 to cover up to a third of the capital value to deliver community energy projects.
- 2.7. This would enable projects to maintain a large share of direct-community funding and utilise other sources of capital, such as borough offset funds.
- 2.8. We will provide smaller grants to groups in order to undertake pre-feasibility studies and develop project proposals for future funding. This is likely to encourage community groups new to the LCEF to engage with the programme.
- 2.9. LCEF phase 5 will support the doubling of London's green economy by 2030 by increasing the number of low-carbon projects delivered in London. It will support new and existing green jobs in the energy sector; and support entry to the job market and upskilling to those affected by economic impacts of Covid-19.
- 2.10. By working with CEL and facilitating joint working between community groups, we are also aiming to ensure community groups learn from each other and share experiences and resources. This ensures community groups get the support they need to establish themselves and go on to deliver more projects in the future (without the need for GLA support). Outcomes from CEL funding will strengthen the capability of the sector by:
 - linking community energy groups with other shared-interest groups to support action on energy and climate change
 - supporting community groups to participate in new opportunities, including funding pots, that are emerging as a result of the energy transition and new government policies
 - building a network of third-sector community groups and contacts to help contribute to tackling London's increasing fuel poverty challenge
 - building relationships with private sector organisations that want to work with the community energy sector on delivering projects
 - demonstrating the role that community energy can have in achieving London's net-zero targets.

3. Equality comments

- 3.1. Under section 149 of the Equality Act 2010, the Mayor and GLA are subject to the public sector equality duty and must have due regard to the need to:
 - eliminate unlawful discrimination, harassment and victimisation
 - advance equality of opportunity between people who share a relevant protected characteristic and those who do not

- foster good relations between people who share a relevant protected characteristic and those who do not.
- 3.2. The “protected characteristics” are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation and marriage/ civil partnership status. The duty involves having appropriate regard to these matters as they apply in the circumstances, including having regard to the need to: remove or minimise any disadvantage suffered by those who share or is connected to a protected characteristic; take steps to meet the different needs of such people; encourage them to participate in public life or in any other activity where their participation is disproportionately low. This can involve treating people with a protected characteristic more favourably than those without one.
- 3.3. Part of the LCEF application form will require the applicant organisation to:
- describe how their proposed actions would reflect the aims of the Equality Act 2010
 - state how the project would be accessible to community members
 - describe how they intend to use the funding openly and equitably, and how this would be monitored.
- 3.4. Previously, this fund was advertised through several key stakeholders including CEL, charities, non-governmental organisations and trade associations, and on various social media sites, to ensure that we reached a wide audience. In addition, all boroughs were informed of this fund. By supporting community groups and providing grant funding, as opposed to loans, the fund appeals to a diverse range of groups who might otherwise be excluded by having insufficient funds to initiate a project. We plan to continue to undertake advertisement in this way for the fifth phase.
- 3.5. Furthermore, community energy projects often seek to directly support the more deprived members of the community. Benefits to the local community, including social benefits, formed part of the scoring criteria used to select the projects. Benefits that the projects deliver include:
- using profits generated by the solar panels to alleviate fuel poverty
 - seeking to supply local buildings with cheaper electricity; this could mean lower energy bills for its occupants, who may not be able to afford solar panels
 - allowing members of the local community to own a share of the project and benefit from any return on investment rather than only financial institutions benefiting.
- 3.6. Community energy projects funded by the LCEF tend to be in the more deprived areas of London. Organisations accessing the LCEF such as Community Benefit Societies, Companies Limited by Guarantee and Cooperatives ensure that a significant proportion of their profits are used to benefit the entire community, not just members and shareholders. LCEF funding is therefore likely to significantly benefit low-income Londoners and those from disadvantaged backgrounds.
- 3.7. The LCEF will enable community groups to bring awareness of renewable energy and energy bill savings to groups who would not normally have had access to such technology: pupils in schools, members of varied faith groups, local resident association members, leisure centre users, city farm visitors, art centre visitors, etc. The range of Londoners benefiting from these solar projects is much wider than it would normally be for small to medium-sized solar panel installations in the UK, so far mainly installed by relatively affluent owner-occupiers.

4. Other considerations

Key risks and issues

Risk	Mitigation	Rating
Community groups are unable to complete projects	Drawing on experience from previous successful rounds, GLA officers will work closely with successful applicants and provide guidance to develop strong projects. The GLA will help to support community groups by facilitating workshops and working closely with CEL to enable the sharing of resources and experiences between the community groups supported by the LCEF. This could include mentoring and resources, such as the legal templates from Pure Leapfrog (which supports community energy groups) to reduce costs.	Green
GLA money is spent on developing projects which are not feasible	We will put in place staggered funding for certain elements of the project development work where progress is dependent on the completion of key milestones. Funds will be released on delivery of specified milestones, such as getting planning consent (if relevant), getting landlord approval or having a roof survey done that shows that the roof is structurally sound to receive solar panels. That way we will minimise any money being spent on unsuitable projects. If any projects are deemed unfeasible after the initial technical feasibility assessment, or cannot make a viable business case, it is proposed that funding is not provided beyond this milestone. Instead funding for that project is rolled over to support projects in a further round of the LCEF funding programme.	Amber
Measures are not installed	There is a risk that these community groups may not be able to access the amount of capital funding required for the project delivery stage of installing measures. The application form requires applicants to detail how they will access the necessary funds to install measures, which will be taken into consideration when assessing the applications received. Should any project encounter difficulty raising capital, the GLA could help publicise the community share offer.	Amber
Costs are unrealistic	Steps have been taken to minimise this risk, through the appraisal process assessing project development and costs to ensure they are realistic, including clarification questions to the applicants when we felt not enough detail had been provided.	Green
A lack of suitable projects apply to the fund	GLA officials will promote the LCEF through suitable channels, including CEL. The time window for applications will be sufficiently long to allow projects to develop suitable bids. We propose keeping aside some funding to allow for later applications delivered by Q2 2022-23, including projects requiring more time to secure match funding.	Green

Links to mayoral strategies and priorities

- 4.1. The LCEF has direct links to the priorities of the London Recovery Board, and specifically its Green New Deal mission, which aims to double the size of London's green economy as set out in sections 1 and 2 of this document.
- 4.2. It also has direct links to many of the Mayor's Strategies including: the London Environment Strategy, the Economic Development Strategy and the Solar Action Plan. A summary of the relevant objectives and policies in those strategies are referenced below.

4.3. London Environment Strategy

OBJECTIVE 6.2: develop clean and smart, integrated energy systems utilising local and renewable energy resources. This includes:

- Policy 6.2.1 – delivering more decentralised energy in London
- Policy 6.2.2 – planning for London's new smart energy infrastructure.

OBJECTIVE 10.1: enable the transition to a low-carbon circular economy. This includes:

- Policy 10.1.1 – to build on London's strengths and grow the low-carbon and environmental goods and services sector
- Policy 10.1.2 – to build on London's strengths and enable London's businesses, academia and citizens to actively compete in and contribute to the low carbon circular economy.

4.4. Economic Development Strategy

Policy 4.3 – Infrastructure: London's economy relies on a whole range of infrastructure, in addition to transport, to function effectively. This includes energy and water networks, sewerage and drainage systems, waste facilities, and digital infrastructure. This will support: more localised and renewable energy; transition to a low-carbon circular economy; and protecting and enhancing London's environment and green infrastructure.

Policy 5.5 – low-carbon and environmental goods and services: the Mayor wants London's economy to continue to grow, but he also wants to shape the direction of that growth and what it delivers for London and Londoners. He wants growth that is more inclusive, with less inequality, as well as being lower in carbon emissions and more circular in nature to make London a greener, cleaner and more sustainable city.

4.5. Solar Action Plan

OBJECTIVE 3: help Londoners to retrofit solar energy technologies on their homes and workplaces through Mayoral programmes and funding. This includes:

- helping community solar energy projects get off the ground through grants from the LCEF
- supporting projects that promote energy storage.

Consultations and impact assessments

4.6. We have held monthly meetings with CEL throughout the first four phases of the LCEF, as well as seeking feedback through engaging with LCEF-funded community groups. We will survey recipients and applicants to previous phases to shape phase 5, focusing on:

- how to better monitor and ensure equality, diversity and inclusion
- scope of technologies and projects deemed to be suitable
- other support required by community energy groups to expand (for example, mapping, legal advice, local authority engagement, etc).

Conflicts of interest

4.7. There are no conflicts of interest to note of anyone involved in the drafting or clearance of this Mayoral Decision.

5. Financial comments

- 5.1. Mayoral approval is being sought for expenditure of £740,000 to support the fifth round of the London Community Energy Fund (LCEF) programme, which is a core part of delivering the Mayor's Energy for Londoners programme and the Green New Deal mission.
- 5.2. The programme expenditure will be fully funded from the 2021-22 Environment Programme budget allocation under the Solar and Community grant approved as part of the Authority's budget setting process.
- 5.3. Of the total expenditure £665,000 will be awarded as grant funding for the development and delivery (capital) of community energy projects in London and £75,000 as grant funding for tools and resources as continuous support to new and existing community energy groups.
- 5.4. The programme is profiled to be delivered across two financial years up to 2022-23 as per the table below. As a result of the proposed delivery approach for this programme and to fund costs that fall in 2022-23, budget provision totalling £315,000 will be reprofiled into 2022-23. This budget reprofile will be built into the Environment Unit's Programme budget as part of the 2022-23 budget setting process.

Profiled expenditure			
Q3 2021-22	Q4 2021-22	Q1 2022-23	Q2 2022-23
£175,000	£250,000	£200,000	£115,000

6. Legal comments

- 6.1. The foregoing sections of this report indicate that:
 - the decisions requested of the Mayor concern the exercise of the GLA's general powers, falling within the statutory powers of the GLA to do such things as may be considered to further, and or be facilitative of or conducive or incidental to the furthering of, the improvement of the environment in Greater London
 - 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
 - (c) consult with appropriate bodies.
- 6.2. Officers have indicated that the expenditure proposed will amount to the provision of grant funding as a contribution to the project costs of successful funding applicants and not a payment for services to be provided. They must ensure that the proposed funding is disbursed in a fair and transparent manner in accordance with the GLA's Contracts and Funding Code and funding agreements are put in place between and executed by the GLA and successful applicants before any commitment to the provide funding is made.
- 6.3. 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 and foster good relations 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 (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.

7. Planned delivery approach and next steps

Activity	Timeline
Prospectus and application form for LCEF phase 5 launched	September 2021
Application window open – support provided to projects bidding for funding	September – November 2021
Funding scoring and moderation	November 2021
Recommendations for funding and due diligence	November/December 2021
Inform successful and unsuccessful applicants	December 2021
Draft and finalise funding agreement	December 2021
Funding agreements signed with successful applicants	January 2022
First development projects completed, and claims received for LCEF phase 5	March 2022
All projects delivered	September 2022

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: Publication to be deferred until the launch of the fund.

Until what date: 20 September 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:

Greg Shreeve has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

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 13 September 2021.

EXECUTIVE DIRECTOR, RESOURCES: (Enver Enver on behalf of David Gallie)

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

Signature



Date

13 September 2021

CHIEF OF STAFF:

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

Signature



Date

13 September 2021