

# GREATER LONDON AUTHORITY

## REQUEST FOR MAYORAL DECISION – MD2412

### Title: Warmer Homes Programme – Phase Two

#### Executive Summary:

The London Environment Strategy sets out the Mayor's vision of making London a zero-carbon city by 2050, while at the same time protecting the most disadvantaged by tackling fuel poverty. This Mayoral Decision seeks approval of an additional £100k for the current phase of Warmer Homes and the funding, development and administration of phase two of the Warmer Homes scheme (2019 to 2021). Phase two will provide direct support to fuel poor households in London and, where appropriate, support interventions in the able to pay sector to increase uptake in energy efficiency retrofits to reduce London's carbon emissions. It also seeks approval for a second phase of the Fuel Poverty Support Fund (2019 to 2021).

It is proposed this be achieved through the establishment of a fuel poverty programme with a delivery mechanism for up to five years to provide greater longer-term certainty around delivery, and create a legacy that can be built on to help achieve Mayoral objectives by providing:

- Funding for installations of energy efficiency measures in fuel poor homes as the core focus of phase two of Warmer Homes from 2019 to 2021, supported by referrals from the Fuel Poverty Support Fund, with the option to recommission the Warmer Homes service after this time (out to 2024);
- The ability to expand the scale of energy efficiency activity by leveraging in additional funding and providing offers to the able to pay sector once developed, to further the Mayor's objective of making London a zero-carbon city by 2050; and
- Scheme administration and delivery.

#### Decision:

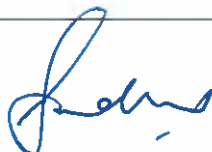
That the Mayor approves:

1. An additional £100,000 of Capital Expenditure on the current phase of Warmer Homes in 2018-2019 (taking total expenditure to £4.56m);
2. Expenditure of up to £4.75m capital to deliver energy efficiency measures to fuel poor households for up to two years (2019 to 2021), as part of the second phase of Warmer Homes;
3. Up to £466,000 of revenue expenditure for services to support the development, management and administration of phase two of the Warmer Homes scheme for up to two years (2019 to 2021); and
4. Expenditure of up to £450,000 revenue for delivery of the Fuel Poverty Support Fund for up to two years (2019 to 2021).

#### 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:

25/3/19

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

### **Decision required – supporting report**

#### **1. Introduction and background**

- 1.1 The London Environment Strategy sets out the Mayor's vision of making London a zero-carbon city by 2050, 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, especially in the able to pay sector, which therefore requires a significant increase in the pace, scale and quality of energy efficiency retrofits.
- 1.2 The Government published its Clean Growth Strategy in 2017 which 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 most recent Committee on Climate Change progress report<sup>1</sup> on national carbon budgets noted there is a gap in regulation and action to deliver on this aspiration and, more broadly, for sufficient reductions in domestic carbon emissions to support delivery of the UK's fourth and fifth carbon budgets. Consequently, a real step change is required to deliver on the commitments to improving the energy performance of London's housing stock set out in the London Environment Strategy.
- 1.3 Currently there are an estimated two million homes below EPC Band C in London. It will cost an estimated £60bn to bring these homes up to EPC Band C. In 2016 there were 341,100 households living in fuel poverty in London, which equates to 10 per cent of all households. London continues to lose out on funding from the Government's Energy Company Obligation (ECO); while Londoners contribute 12.5 per cent to ECO through their energy bills, only 7.5 per cent of this 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. However, there is limited government policy support to encourage wider home energy efficiency retrofits, particularly in the able to pay sector. The Green Deal was effectively cancelled in 2015 and has not been followed by a successor scheme. Minimum Energy Efficiency Standards for privately rented homes have been introduced, which require all newly rented properties to reach at least an EPC of E unless the landlord is able to secure an exemption. However, the requirements of this legislation and levels of enforcement are both weak. In any case, the legislation only covers one per cent of homes in London and there is currently no trajectory for increasing this standard or extending it to cover other tenures.
- 1.5 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 CO<sub>2</sub> 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.
- 1.6 Finally, 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 GLA Environment Team has also identified a shortage of suitably qualified surveyors and installers across London, particularly for measures such as solid wall insulation.
- 1.7 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,

---

<sup>1</sup> Reducing UK emissions: 2018 Progress Report to Parliament, June 2018

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.

- 1.8 Government alone controls some of the most powerful policy levers to change this context, including regulation, accreditation and fiscal incentives. Given the lack of strong legislation or a functioning market for retrofit, government must do more to grow this market. In the absence of these drivers, the Mayor will look to increase his existing retrofit activity through his energy efficiency programmes to demonstrate best practice and provide a template for wider action.
- 1.9 The scale of the challenge creates a strong imperative to use resources wisely, not only providing direct support to those in need, but developing new delivery approaches that have the potential to grow the market for retrofit and leverage in other sources of funding. Evidence from previous schemes, including the UK Government's Green Deal, shows that a one-size-fits-all approach does not work and that a more sophisticated understanding of people's motivations and situations is required if retrofitting is to be successful. Therefore, new delivery approaches to home energy efficiency will need to be flexible to accommodate the wide range of occupant needs, circumstances and homes we find in London. At the same time, the Each Home Counts review shows that customer trust in installers is very low, therefore any offer put before Londoners needs to be backed by best practice installer standards, such as those used on Warmer Homes, to build trust and increase uptake.

#### *Current Mayoral programmes*

- 1.10 The Mayor's Fuel Poverty Support Fund (FPSF) has provided boroughs across London with funding to identify and support those who are in or at risk of fuel poverty. The Fuel Poverty Support Fund was awarded to boroughs which successfully applied following the issue of a funding prospectus, ensuring there is a pan-London Mayoral fuel poverty support scheme available for the first time. The following boroughs were awarded funding for the period February 2018 to March 2019:
  - Croydon - £15,454;
  - Islington - £100,000;
  - Kingston - £47,000; and
  - Lewisham - £80,000.
- 1.11 The scheme is on track to meet its target of supporting 2,280 households by the end of March 2019. To date, most of the households helped through the scheme have received home energy visits, with those identified as particularly in need of receiving intensive support with debt and billing disputes. The scheme also provides a high proportion of referrals to Warmer Homes, enabling Warmer Homes to reach those who are most in need. The fact that the success rate for applications to Warmer Homes is 87% compared with 65% for Better Boilers suggests that the Fuel Poverty Support Fund has been effective in increasing the quality of referrals to the scheme. As of 31 December 2018, the Fuel Poverty Support Fund had provided 1,459 referrals and 826 home energy visits had been provided, reaching clients in 32 out of 33 local authorities. Of these referrals:
  - 22 per cent of clients had children under 16 in their household;
  - 49 per cent of clients had people aged 60 in their household; and
  - 45 per cent of clients had someone with a disability or long-term illness in their household.
- 1.12 The Mayor's £2.5 million Warmer Homes programme was launched in January 2018, providing up to £4,000 worth of energy efficiency improvements to a minimum 625 qualifying fuel poor homes. This programme was approved by the Mayor in November 2017 through MD2197, which also recorded his approval of the creation of the Fuel Poverty Support Fund, providing grant funding to local

authorities to help them support fuel poor households in their area and generate referrals to Warmer Homes. The Mayor then approved the increase of funding for the Fuel Poverty Support Fund (under cover of MD2230) to £250k from the initial £150k approved under cover of MD2197 due to the high quality of bids and demand for funding. Due to high demand for Warmer Homes, the Mayor approved the further increase of funding by £1.95m in November 2018 under cover of MD2380, enabling energy efficiency measures to be installed in at least 480 additional homes.

- 1.13 Warmer Homes has built on the progress achieved by the Mayor's successful Better Boilers scheme and forms part of the wider £34 million 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 current and successor RE:NEW 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 wellbeing, in addition to reduced CO<sub>2</sub> emissions.
- 1.14 The first phase of Warmer Homes has received 1,629 applications to date and installed measures in 520 homes. By the end of June 2019, installations will have been completed in 1100 homes. The existing level of funding for the scheme is not sufficient to meet demand, which has exceeded expectations. The level of rejected applications and drop outs is also significantly lower than expected, which is believed to be due to the quality of referrals from the Fuel Poverty Support Scheme and the high level of customer care provided by RetrofitWorks. Approximately 170 applicants are currently on a waiting list, and it is expected that underspend from completed jobs will allow around half of these applications to receive energy efficiency measures over the coming weeks and months. Each applicant on the waiting list has received communication about the status of their application to help manage expectations. To help reduce this waiting list further, an additional £100k capital funding has been identified, which would enable work to proceed on a minimum of 33 additional homes. This waiting list would also be carried through to the phase two of Warmer Homes, once launched. Any households which cannot be funded in the current phase would have priority for funding in the next phase. The existing privacy notice for Warmer Homes would allow us to contact them in relation to phase two without needing further consent. These households would be kept up to date throughout the process and will also be supported through the Fuel Poverty Support Fund. Messaging of any correspondence in relation to both the closure of the current phase of Warmer Homes, and to any applicants on the waiting list, will be carefully considered.
- 1.15 Warmer Homes is currently delivered by the Energy Saving Trust (EST), which processes applications, and RetrofitWorks<sup>2</sup>, which oversees the installation of energy efficiency measures. The contract for the EST and grant agreement for RetrofitWorks both expire in April 2019. Procurement regulations and the GLA's contracts and funding code mean the service contract with the EST cannot be extended beyond the OJEU threshold of £181,302, which means the programme cannot be extended further, and a procurement exercise will be necessary to commission a second phase of the programme. The end of the current programme in March 2019, together with the time required to undertake a suitable procurement exercise means there will be a gap between the two programmes, which will enable learning from the first phase to be incorporated into the second. A full evaluation of the programme will be completed in Spring 2019, but feedback to date indicates that the programme's focus on quality of service and flexibility has led to low rates of drop out and high customer satisfaction.
- 1.16 This Mayoral Decision therefore seeks approval to develop, procure and deliver the second phase of Warmer Homes. Given the scale and nature of the challenge in retrofitting London's homes, it is proposed that the Warmer Homes programme should provide flexibility for a broader scope, by enabling the supporting interventions in the able to pay sector, where appropriate. This second phase would continue to provide direct support to fuel poor households as the key pillar of the programme, supported by high installation standards to ensure the benefits of retrofits are maximised and the supply chain continues to develop. Subject to evaluation of the PRS pilot which was launched in

---

<sup>2</sup> RetrofitWorks is a London-based co-operative of SME installers specialising in home retrofit

Autumn 2018, it is proposed to continue with an element of funding for the PRS sector. Approval is also sought to allocate an additional £100k funding to the existing programme and to amend the grant agreement with RetrofitWorks to allow this.

- 1.17 As with the current phase of Warmer Homes, the scheme would be supported by the Fuel Poverty Support Fund and approval is sought for the fund to continue, and for funding to be awarded to cover a two-year period. Funding would be allocated to boroughs through a competitive bidding process. The longer-term delivery timescales for the Fuel Poverty Support Fund would allow boroughs to have greater certainty over delivery and ensure vulnerable residents can get support when required.
- 1.18 Officers will work with TfL Commercial to determine the strategy for the procurement of a provider in accordance with the GLA's Contracts and Funding Code. It is anticipated that procurement of a single provider will allow better integration of different elements of the scheme and ensure best value.

#### *Programme principles*

- 1.19 The proposed workstreams (see paragraph 1.21) are 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 Team and the policy proposals set out in the London Environment Strategy (see paragraph 4.1), 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;
  - Gather evidence and feedback to support the development of interventions into the able to pay sector, similar to how the first phase of Warmer Homes piloted an extension of the scheme into the private rented sector;
  - Ensure high quality outcomes by implementing best-practice standards and build a trusted, London based supply chain;
  - Work with other EfL programmes including the EfL Supply Company (when launched), and new London Homes Energy Efficiency Programme (successor to RE:NEW, a public sector energy efficiency programme) to maximise impact and share best practice;
  - Foster continuous improvement through ongoing evaluation;
  - 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.

#### *Programme overview*

- 1.20 The main aim of the second phase of Warmer Homes would be to further delivery of the Mayor's ambition for London to be a zero-carbon city by 2050 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.
- 1.21 The programme would be based on two workstreams:
1. **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 at £2.375m per annum for the first two years of the scheme 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), and local authority carbon offset funding; and



- 2. 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.

#### *Fuel Poverty Support Fund*

- 1.22 In addition, £450k of revenue expenditure would be used to deliver a second phase of the Fuel Poverty Support Fund to directly support up to 4,000 households for a period of up to two years between 2019 and 2021, enabling them to receive home energy visits and supporting referrals to the fuel poverty element of phase two of Warmer Homes.
- 1.23 The next round of the Fuel Poverty Support Fund would follow the same format as the current scheme, with a funding prospectus being issued to boroughs and publicised through a variety of energy and environmental networks. The intention is to ensure every borough continues to be covered by the support service. Residents will be eligible for the scheme if they are considered by the delivery organisations to be in or at risk of fuel poverty.

#### *Fuel poverty grant eligibility criteria*

- 1.24 To be eligible for the grant funding under the fuel poverty element of Warmer Homes phase two, the applicant must fulfil the following criteria:
- Live in Greater London;
  - Own or privately rent their own home, if they are a landlord they can apply as long as their tenant is eligible; and
  - Receive a qualifying benefit or be in receipt of a signed declaration that they are eligible for ECO funding under the Flexible Eligibility part of the scheme.
- 1.25 The maximum amount of GLA grant funding available per household for the fuel poverty element of the scheme would be £4,000 in the first two years of the programme.
- 1.26 Eligible measures would include:
- Heating measures such as boilers or heating controls;
  - Building fabric measures such as loft, wall or floor insulation;
  - Replacement windows, secondary glazing or draught proofing;
  - Renewable technologies and battery storage;
  - Smart technologies; and
  - Where appropriate, other measures that will improve comfort and internal air quality. This includes installing efficient ventilation to improve indoor air quality and reduce the risk of mould growth and condensation.

#### *Developing interventions into the able-to-pay sector*

- 1.27 The GLA is currently scoping work to be undertaken to identify groups of households in London that are more likely to undertake energy efficiency improvements to their homes and develop packages of works that best fit with the needs and priorities of these groups. Experience from previous schemes such as the Government’s Green Deal shows that unless work is undertaken to understand the requirements of different market segments, then uptake of energy efficiency packages is likely to remain low. Further proposals will be brought forward to set out potential interventions in the able to pay sector, subject to a further decision.

- 1.28 This work would be completed in 2019/20 and would enable the development of extensions of Warmer Homes into the able to pay sector, targeting specific market segments with the greatest likelihood of taking up refurbishment packages. The longer-term aim would be to broaden the reach of such interventions to a wider market to increase the scale of uptake and make a greater contribution to the objectives of the London Environment Strategy.

#### *Programme procurement and set-up*

- 1.29 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 could not be extended as this would breach procurement regulations. Undertaking a procurement process will also ensure best value for money is achieved and will enable learning from the first phase of Warmer Homes to be applied. A single provider is preferable (rather than contracting different elements of the scheme separately) to minimise demands on GLA resources and ensure different service areas are joined up properly. There is no suitable existing procurement framework for the scope of services required. Therefore, the GLA (working with TfL Commercial) will consult with potential providers to determine whether any single provider will have capacity to do this prior to commencing the formal procurement process. Depending on responses from industry, a multi-provider approach may be adopted.
- 1.30 The total value of the procurement would reflect the potential for the programme to lever in additional funding through ECO, carbon offset funding, contributions from able-to-pay customers and finance offers and would therefore exceed the GLA 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.
- 1.31 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. Consultation workshops with London boroughs have been held and indicated a strong desire for the GLA to consider how the procurement could enable their participation and allow them to deliver local energy efficiency schemes more effectively.
- 1.32 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, for example from gas network operators or energy redress funding, where funding timescales are often short, and calls require the applicant to have a delivery agent already in place.
- 1.33 Procurement lead times would mean the service provider(s) for the second phase of Warmer Homes will not be in place until after the end of the current phase of delivery in March 2019. This means there will be a pause in delivery from one phase to the next. It is anticipated that the second phase would be in place for the winter of 2019-20. Therefore, as noted above, any applicants that apply for the current Warmer Homes scheme which cannot be supported, due to limitations of funding, will be given priority for the second phase of Warmer Homes.
- 1.34 Funding for the Fuel Poverty Support Fund would be allocated to London boroughs through a grant competition. It is anticipated that grant funding would be allocated before the launch of the second phase of Warmer Homes, which would enable successful bidders to provide ongoing support to fuel poor homes across London and begin to identify eligible applicants to Warmer Homes.

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

- 2.1 The key outputs from the second phase of the Warmer Homes scheme are expected to be as follows:

- 1,188 fuel poor households will be supported. These households will benefit from behavioural advice as well as the installation of energy efficiency measures, which will help to make their homes healthier and more comfortable alongside reducing their fuel bills;
- Annual fuel bill savings for Londoners of £134,000; and
- Annual CO<sub>2</sub> savings of 890 tCO<sub>2</sub>/yr.

2.2 The output from the Fuel Poverty Support Fund would be:

- 4,000 households assisted with energy advice, tailored home energy visits, support with fuel debt and bills.

*KPIs and outcomes*

2.3 Programme performance would be determined against a set of KPIs and qualitative indicators. The following Key Performance Indicators (KPIs) are proposed:

- Fuel poor households supported;
- Resident satisfaction;
- CO<sub>2</sub> savings (tCO<sub>2</sub>/year);
- Energy bill savings (£000/year); and
- Funding leveraged (£000).

2.4 The programme would deliver the following additional outcomes, which would be subject to review through periodic evaluation:

- Improved health and wellbeing;
- Increased retrofit capacity in London including creation of jobs;
- Removal or weakening of barriers to uptake of measures including enhanced awareness and understanding of home energy efficiency; and
- Creating a stronger body of evidence to lobby government to increase funding and introduce or improve legislation.

### 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. 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. This phase of the programme has been developed following feedback from and input into delivery of the initial phase from other public sector, voluntary and community sector organisations who are working with and supporting those who are particularly vulnerable. 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 The proposals for the second phase of Warmer Homes have been developed to support delivery of the London Environment Strategy, in particular the following policy proposals:
- a) **Proposal 6.1.1a:** Contribute to helping Londoners improve the energy efficiency of their homes, where appropriate, by providing technical assistance, support and funding.
  - b) **Proposal 6.1.1b:** Pilot innovative methods to implement the stronger energy efficiency retrofitting needed.
  - c) **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.
  - d) **Proposal 10.1.1.e:** The Mayor will work with stakeholders from across the financial and environmental sectors to develop financing mechanisms.
  - e) **Proposal 10.1.2.a:** To support startups and business growth across the economy, including in the low carbon and environmental goods and services sector.

##### *Budget and resources*

- 4.2 The indicative GLA budget allocation is as follows:

Item		2019-20 [£000]	2020-21 [£000]	Total [£000]
<b>Capital</b>	Grants to fuel poor households	£2,375	£2,375	£4,750
	<b>Total</b>	<b>£2,375</b>	<b>£2,375</b>	<b>£4,750</b>
<b>Revenue</b>	Warmer Homes programme management, procurement and evaluation	£366	£100	£466
	Fuel Poverty Support Fund	£225	£225	£450
	<b>Total</b>	<b>£591</b>	<b>£325</b>	<b>£916</b>
<b>Total</b>		<b>£2,966</b>	<b>£2,700</b>	<b>£5,666</b>

- 4.3 £4.75m of capital funding would be allocated to the fuel poverty support project, split over the financial years 2019-20 and 2020-21. The programme will also seek to leverage in additional third-party funding, for example ECO funding or London borough carbon offset funding.
- 4.4 £466k of revenue funding would be used for managing programme delivery and supporting interventions in the able to pay sector, where appropriate; to cover the following items:
- Programme procurement;
  - Processing of grant funding applications;
  - Gathering market intelligence to inform development of further interventions under the programme; and
  - Developing and piloting new interventions under the programme.
- 4.5 The Fuel Poverty Support Fund has £450k of revenue funding and it is intended that this will be awarded in one round of funding for a two-year programme. This should ensure there will be a year-round programme to support those in need across London, as well as providing some stability for funding recipients.
- 4.6 In addition to personnel from within the Environment Unit, additional input to programme development and management will be required from TfL procurement and legal teams and GLA finance, marketing and governance teams, including advice on data protection and management.

#### *Governance*

- 4.7 The scheme will be overseen by an internal steering group led by the Environment Unit, with representation from governance and finance teams, which would have responsibility for ensuring programme objectives are met, risks managed and issued quickly resolved. This group would meet monthly and would report to the Deputy Mayor on a regular basis through the Energy for Londoners Working Group.
- 4.8 The service provider for the second phase of Warmer Homes would report to the Environment Team on performance against KPIs on a monthly basis, as well as current and forecast activities for each work stream and programme-wide and project-specific risks and issues.
- 4.9 For the Fuel Poverty Support Fund, grant funding would be allocated to boroughs on a competitive basis, with priority given to proposals that cover multiple boroughs in order to continue to provide a service covering all of London. Successful bidders would report on their progress against KPIs to the GLA on a quarterly basis. There would be a quarterly meeting managed by the GLA for all delivery organisations to discuss the scheme, share lessons learned and oversee the scheme.

#### *Key risks and issues*

- 4.10 The following key risks and issues have been identified for the project:

Risk	Likelihood (out of 4)	Impact (out of 4)	Rating	Mitigation
Procurement – low interest from market to respond to the tender	2	3	6	Early market engagement with supply chain planned to identify any key constraints and ensure proposed contract arrangements are attractive and deliverable.
Low uptake – fuel poverty grants scheme	1	1	1	The Fuel Poverty Support fund 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.
Low uptake – fuel poverty advice service	1	2	2	The Fuel Poverty Support Fund will only be available to established services with a demonstrable track record of reaching fuel poor households.
Fuel poverty grants run out early	3	3	9	Potential to lever in additional funding, for example from borough carbon offset funds or energy redress funds, would be explored further as a priority. Early engagement with boroughs suggests this may be possible.
Low uptake – support in the able to pay market	2	1	2	Each new intervention would be subject to regular review, with changes to marketing approach or the structure made in the event of low take up.
Poor quality installations	2	2	4	The quality standards put in place under the existing Warmer Homes programme would be maintained and improved, where necessary. The service provider would be responsible for quality assurance and managing any installation risks.
KPI underachievement - for the fuel poverty grant scheme, the GLA has little control over the type and condition of applicants' meaning there is no certainty over measures installed and therefore energy and CO <sub>2</sub> savings	2	2	4	KPIs are based on outputs from the existing Warmer Homes programme and are relatively conservative.  KPIs would be subject to regular review and targets would be reviewed in the event of underachievement.

## 5. Financial comments

- 5.1 This decision is seeking to approve £5.666m of expenditure towards the second phase of the Warmer Homes Programme, of which £4.750m will be Capital and £0.916m Revenue. This funding will be used to meet the cost of installing a range of energy efficiency measures in fuel-poor households plus the development of new energy efficiency offers.

- 5.2 The £4.750m capital element will be split over financial years 2019-20 (£2.375m) and 2020-21 (£2.375m) and it will be funded from the existing 'new environment programmes' capital budget.
- 5.3 The £0.916m revenue will be split over financial years 2019-20 (£0.591m) and 2020-21 (£0.325m) and will be funded from the Environment Unit Energy Efficiency Budget.
- 5.4 Also requested is for £0.100m unspent 2018/19 capital funds in the Environment Unit to be reallocated to the current Warmer Homes Programme.

## **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 power of competence under s.30 Greater London Authority Act 1999 to do such things considered to further, or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment 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:
  - 6.1.1 Pay due regard to the principle that there should be equality of opportunity for all people;
  - 6.1.2 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
  - 6.1.3 Consult with appropriate bodies.
- 6.2 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.
- 6.3 In the event that the Mayor is minded to make the decisions sought officers must ensure that:
  - 6.3.1 They are content that the GLA can comply with any conditions to which the provision of any third-party funding to the GLA is subject, seeking legal and finance advice as necessary;
  - 6.3.2 They do not act in reliance of such third-party funding until legally binding commitments are in place in concerning the provision of the same;
  - 6.3.3 Any supplies and/or services required for the delivery of the Warmer Homes Programme must be procured by Transport for London Commercial who will determine the detail of the procurement strategy to be adopted in accordance with the GLA's Contracts and Funding Code and appropriate contract documentation is put in place with and executed by the GLA and proposed service providers before the commencement of the required supplies and/or services;
  - 6.3.4 To the extent that the GLA intends to award grant funding to third parties in respect of projects that align with the aims of the Warmer Homes Programme, such funding is distributed fairly, transparently and in manner which affords value for money in accordance with the GLA's Contracts and Funding Code and appropriate funding agreements are put in place with and executed by the GLA and proposed recipients prior to making any commitment to provide such funding; and

6.3.5 That the terms of any agreements entered into in respect of the programme do not have the effect of fettering the discretion of any successor administration, considering in particular the London elections taking place in May 2020.

## 7. Delivery plan and next steps

Activity	Timeline
Soft market testing commences	April 2019
Procurement strategy and timescales approved	April 2019
Fuel Poverty Support Fund phase 2 competition opened	April 2019
Preparation of tender and contract documents	December 2018 – April 2019
Commencement of tender	May 2019
Funding awarded to Fuel Poverty Support Fund phase 2 recipients and service commences	April 2019
Tender submission deadline	June 2019
Evaluation of tender submissions and interviews	July 2019
Contract award	July 2019
Warmer Homes phase 2 scheme mobilisation	July-August 2019
Scheme launch	September 2019
Interim evaluation of Fuel Poverty Support Fund	January 2020
Interim evaluation of overall Warmer Homes phase 2	Summer 2020
Decision deadline to extend/close scheme	Spring 2021

### 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:

This decision form contains information the publication of which might prejudice genuine competition of the supplies and services required and in respect of funding opportunities impacting upon the GLA's ability to secure value for money which is not in the public interest.

Until what date: September 2019

**Part 2 - Sensitive information**

**Is there a part 2 form - NO**

**ORIGINATING OFFICER DECLARATION:**

Drafting officer to confirm the following (✓)

**Drafting officer:**

Sarah Fletcher has drafted this report in accordance with GLA procedures and confirms the following: ✓

**Sponsoring Director:**

Debbie Jackson 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 25 March 2019.

**EXECUTIVE DIRECTOR, RESOURCES:**

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

Signature

*M. J. Bell*

Date 25.3.19

**CHIEF OF STAFF:**

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

Signature

*D. Bellamy*

Date 25/3/2019.