

## REQUEST FOR DIRECTOR DECISION – DD2595

### Title: Warmer Homes funding release to support retrofit of social houses

#### Executive summary:

Mayoral Decision (MD) 2900 approved receipt of £40.2m funding from the Department of Business, Energy and Industrial Strategy (BEIS) to be used for Warmer Homes Programme expenditure.

MD3010 (paras 1.11 to 1.13) enabled the allocation of £2,287,460 to be spent on retrofit of eligible social-housing dwellings, following approval of individual proposals for funding by Director Decision for each proposal to be funded.

The ability to fund social housing is provided in the funding agreement with BEIS, where the GLA has allocated funds to support the retrofit of 315 homes. Social landlords apply for grant funding on a 'first come, first served' basis. Several social landlords have been identified with over 600 social housing units where retrofit works can take place in eligible households.

#### Decision:

That the Executive Director of Good Growth, in accordance with the delegation provided by MD3010, approves:

1. the following expenditure of grant funding received from BEIS to support social housing capital works:
  - a. £2,033,295 for social housing capital works
  - b. £254,165 for ancillary and administration costs
2. delegation of authority to approve individual social landlord proposals to the senior managers of the Warmer Homes programme (Alice Bradley and Sally Frazer).

#### AUTHORISING DIRECTOR

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

It has my approval.

**Name:** Philip Graham

**Position:** Executive Director, Good Growth

**Signature:**



**Date:**

**30/8/22**

## **PART I – NON-CONFIDENTIAL FACTS AND ADVICE**

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

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

- 1.1 The Mayor wants to make London a zero-carbon city by 2030, while protecting the most disadvantaged by tackling fuel poverty. The COVID-19 pandemic has presented London with its most challenging period in recent history; missions to deliver a Green New Deal and a Robust Safety Net are central to London's recovery programme.
- 1.2 Low-income Londoners are facing an exceptionally challenging period, with the initial and ongoing impacts of coronavirus exacerbated by rising energy prices. In April 2022 energy prices increased by 54 per cent. The Warmer Homes programme is focusing on immediate actions of making homes greener and warmer; reducing energy use; and, therefore, lowering bills and cutting carbon. These actions will particularly help the most vulnerable Londoners who are disproportionately affected by the rising cost of living.
- 1.3 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, set out in 2014, "is to ensure that as many fuel-poor homes as is reasonably practicable achieve a minimum energy-efficiency rating of Band C, by 2030". The government's fuel poverty strategy, "Sustainable Warmth: protecting vulnerable households in England", was published in February 2021 and outlines steps towards this target. The Mayor's Fuel Poverty Action Plan lays out actions to help achieve this target in London.
- 1.4 GLA has received £40.2m in funding from the BEIS Sustainable Warmth Scheme to upgrade energy-inefficient homes of low-income households in London. The projects will complete by March 2023. The scheme consists of two funding streams: Local Authority Delivery Phase 3, to support low-income households heated by mains gas; and Home Upgrade Grant Phase 1, for low-income households that are off the gas grid. To be eligible for funding, households must have: an income below £20,000 per annum after tax, national insurance and housing costs; and an EPC rating of D or below. The number of homes that can start with an EPC rating of D is capped at 50 per cent of all households installed with a measure with funding from the scheme.
- 1.5 Several social landlords have indicated that there are more than 900 homes to be improved. These social landlords include the London Borough of Newham (124 homes); Wandle Housing Association (266 homes); Moat Housing (an estimated 150 homes); Hexagon Housing Association (an estimated 80 homes); and the London Boroughs of Camden, Islington and Hackney, and the Peabody Housing Association (together, an estimated 300 homes).
- 1.6 Applications will be sent to all social landlords who have expressed an interest in our scheme. Grants are assessed and awarded on a 'first come, first served' basis where the grant award achieves the scheme criteria. The expected range of grant-funding awarded to each housing association is anticipated to be between £150,000 and £850,000, subject to the number of homes, the measures to be installed and cost of measures.
- 1.7 Individual social landlord proposals will be approved by the Head of Energy and by senior management from the Environment team, with appropriate record-keeping in place to formally record this. It is also possible that one social landlord could apply for, and be awarded, the full £2,287,480 grant-funding available for a single application involving 315 homes.

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

2.1 The objective of the programme is to award GLA funding to up to no more than eight social landlords, which will then reduce carbon emissions and tackle fuel poverty.

2.2 The expected outcomes are to:

- enable the Warmer Homes Programme to support social housing landlords and residents
- approve proposals from social landlords as they are received to enable allocation of funding and the release of up to £2,287,460 to support retrofit of eligible social-housing dwellings
- achieve the retrofit of social housing units that have been identified by social landlords as priority for tenants to provide a comfortable and energy-efficient home in which they live.

2.3 The key outcomes of the Warmer Homes programme are:

- 3,205 low-income households supported; these households will benefit from a range of energy-efficiency measures such as solid wall insulation, heat pumps, flat roof insulation, underfloor insulation, triple glazing and solar photovoltaics
- minimum annual fuel-bill savings for Londoners of £903,000
- minimum annual CO<sub>2</sub> savings of 3,493 tCO<sub>2</sub>
- minimum annual energy savings of 11,949,000 kWh.

2.4 The expected outcomes, as approved by MD3010, clause 2.3, are:

- 315 social housing units to be improved
- minimum annual fuel-bill savings of £56,700
- minimum annual CO<sub>2</sub> savings of 162tCO<sub>2</sub>
- minimum annual energy savings of 766,216 kWh.

## **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:

- 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.

Protected characteristics under section 4 of the Equality Act are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual 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 of, 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 Equality 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 because 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

- 4.1 Alongside its central role in delivering the Fuel Poverty Action Plan, this proposal also aligns with relevant actions in the London Environment Strategy; the Equality, Diversity and Inclusion Strategy; and the Health Inequalities Strategy.
- 4.2 Relevant recovery missions are:
- **A Robust Safety Net:** The pandemic has impacted on Londoners’ incomes and household bills and support from the Warmer Homes Programme will help to relieve hardship.
  - **A Green New Deal:** Londoners living in fuel poverty are more likely to experience cold, damp homes; and the Warmer Homes Programme supports access to funding for heating and insulation improvements.

#### Key risks and issues

- 4.3 Failure to receive approval would mean the Warmer Homes Team would be unable to execute the terms of grant funding and will lead to BEIS reclaiming £2,287,460. Failure to approve this Decision would lead to an underspend of grant-funding received; loss of credibility with a critical central government department funder; and reputational loss for the GLA.
- 4.4 Failure to approve this Decision would lead to a loss of faith with many social landlords who have engaged with the Warmer Homes programme. Many have submitted properties that they intend to work on, and are finalising the details to support their applications.
- 4.5 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**

- 5.1 The proposed expenditure of £2,287,460 will be funded through the £40.2m (MD2900 and MD3010) held within the Environment Unit.
- 5.2 Social landlords are to receive their approval for funding through the issuance of a grant-funding agreement, to be signed according to GLA governance and authority levels.
- 5.3 A process to support the governance and control concerning payment of grant to social landlord will include be incorporated into the GLA grant-funding agreement.

## **6. Legal comments**

### Powers

- 6.1 The foregoing sections of this report indicate that the decisions requested of the Executive Director, in accordance with his delegated authority under MD3010, concern the exercise of the Authority's general powers, and fall within the Authority's statutory powers to do such things considered to further or which are facilitative of, or conducive or incidental to, the promotion of social development and 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 Authority's related statutory duties to:
  - pay due regard to the principle that there should be equality of opportunity for all people
  - 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
  - consult with appropriate bodies.
- 6.2 In taking the decisions requested, the Executive Director 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; advance equality of opportunity between persons who share a relevant protected characteristic (age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex; sexual orientation) 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 Director should have particular regard to section 3 of this report.

### Funding

- 6.3 Officers have sought approval for expenditure of funding aimed at providing energy-efficient improvements to eligible social-housing dwellings. 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.
- 6.4 Moreover, the proposals in this decision form include the provision of capital grant funding to support registered providers of social housing to make improvements to an agreed number 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” (the Recovery Determination), 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.

- 6.5 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), it is required to use such repaid amount “for the purposes of social housing”.

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

- 7.1 Project delivery timelines are outlined below:

<b>Activity</b>	<b>Timeline</b>
Decision approval	28 August 2022
Social housing grants awarded	30 September 2022
Completion of social housing projects funded under grant award	31 March 2023
Deadline for final grant award payments	30 April 2023

### 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? NO**

### Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under the 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 Garbett has drafted this report in accordance with GLA procedures and confirms the following:

✓

#### Assistant Director/Head of Service:

Elliot Treharne (on behalf of Catherine Barber) has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

#### Financial and Legal advice:

The Finance and Legal teams have commented on this proposal, and this decision reflects their comments.

✓

#### Corporate Investment Board

A summary of this decision was reviewed by the Corporate Investment Board on 30 August 2022

✓

### EXECUTIVE DIRECTOR, RESOURCES:

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

**Signature**



**Date**

**30/8/22**