

REQUEST FOR MAYORAL DECISION – MD2197

Title: Fuel Poverty Support Programme - 2017-19

Executive Summary:

This decision form seeks approval for the funding of a new fuel poverty support programme, this winter, to deliver commitments set out in the Mayor's draft Fuel Poverty Action Plan.

If approved, revenue funding of up to £150k will be allocated to London boroughs to build on existing support and referral services for fuel poor households to help develop a pan-London fuel poverty support network. At the same time, capital funding of up to £2.5m will be used to fund the installation of a range of energy efficiency measures in at least 625 and as many as 1,000 fuel poor homes. It is proposed that the Energy Saving Trust (EST) is contracted to administer customer applications, with Retrofit Works (a not-for-profit cooperative) overseeing the installation of measures. An exemption from the Contracts and Funding Code is sought for the former based on a complete lack of competition within the market.

The scheme will help alleviate fuel poverty and reduce cold-related ill health. It will also result in estimated annual savings of up to 1,200 tonnes of carbon dioxide (tCO₂), and reduce average annual energy bills by around £225 per participating household, among other benefits such as reduced health impacts and improved air quality.

Decision:

That the Mayor approves:

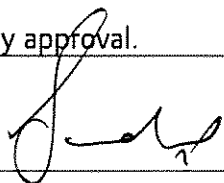
1. A grant of £2.5m (capital) to the Retrofit Works cooperative to fund the installation of energy efficiency measures in at least 625 fuel-poor homes
2. Revenue expenditure of £295,000 as follows:
 - a. the allocation of £150,000 grant funding to London boroughs to expand and strengthen existing support services working with fuel poor homes;
 - b. a contract, with a maximum value of £125,000, with EST for the administration and evaluation of the scheme; and
 - c. £20,000 for the development and distribution of marketing materials
3. An exemption from the requirements of the GLA's Contracts and Funding Code to seek competitive tenders in relation to the contract with EST (2b above).

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:

23/11/17

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

Decision required – supporting report

1. Introduction and background

- 1.1 The draft London Environment Strategy (LES) sets out the Mayor's vision of making London a zero emissions city by 2050, while at the same time protecting the most vulnerable by tackling fuel poverty.
- 1.2 However, the pathway to delivering these twin ambitions is becoming increasingly challenging, particularly in the area of home energy performance, where the national policies required to help London have not materialised or have been scaled back. The second report of the Committee on Fuel Poverty (which expands on its first report) expresses concerns that, nationally, time is running out to meet fuel poverty targets and there has been no real progress in setting out a long-term programme or implement the necessary policies to address fuel poverty¹.
- 1.3 At the same time, fuel poverty in London remains at unacceptable levels, with more than 335,000 households affected, leading to poor thermal comfort, substantial health inequalities and, in some cases, death².
- 1.4 To achieve the Mayor's targets, a substantial increase in the volume, depth and quality of home energy retrofits is required. In its Clean Growth Strategy, the government has also recently announced an ambition to improve the energy performance of as many homes as possible to Energy Performance Certificate (EPC) band C by 2035. Both targets are extremely challenging given the technical demands of retrofitting a housing stock that was not designed with energy efficiency in mind, as well as the presence of social, economic and behavioural barriers. In particular, the absence of both a strong business case for retrofit and tailored customer offers, and a shortage of contractors with the skills to deliver quality home retrofits have stifled the development of a strong market for home energy efficiency.
- 1.5 The draft London Environment Strategy and Fuel Poverty Action Plan (FPAP) set out how the Mayor will build on current home energy efficiency initiatives to develop a world-class homes energy efficiency programme, working in partnership with boroughs and other stakeholders to roll out projects that reduce CO₂ emissions, help Londoners living in poverty and achieve positive health outcomes through retrofitting homes which are struggling with high energy costs, as well as building the business case for sustained long-term action.
- 1.6 Therefore, in the absence of a comprehensive government programme, the Mayor is taking the lead to develop a framework of initiatives through his Energy for Londoners programme that will address fuel poverty and reduce carbon emissions, including the wider roll out of home energy retrofits and renewable energy. These include tendering for the delivery of an energy supply company to offer fairer energy tariffs to Londoners, establishing a new cross-sector Fuel Poverty Partnership (which will be launched alongside this scheme), and developing a stronger business case for investing in home energy retrofit. The Mayor's draft FPAP also sets out a suite of actions to support fuel poor households through helping to boost income, increasing the energy performance of homes and ensuring Londoners have access to fairer energy tariffs. It commits £500k revenue over the next four years to help grow local advice and referral networks and earmarks over £10m capital for new energy efficiency programmes to support actions that reduce carbon emissions and alleviate fuel poverty.
- 1.7 However, these initiatives will take time to realise their full potential and action is needed this winter and over the following year to continue to tackle fuel poverty and deliver more high-quality home energy retrofits, by augmenting and developing existing support services in London through a targeted fuel poverty support programme.

¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/652701/CFP_report_formatted_-_final.pdf

² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/48297/4662-getting-measure-fuel-pov-final-hills-rpt.pdf

2. Objectives and expected outcomes

Objectives and proposed approach

- 2.1 The principal aim of this programme of support is to take action to tackle fuel poverty this winter, in line with Mayoral objectives. An important secondary objective is to help build capacity in London to help address fuel poverty in the longer term, and to provide insights into how a longer-term, sustained programme of support can be developed.
- 2.2 This programme will help contribute to meeting Mayoral objectives set out in the draft LES and FPAP and will consist of two parts:
 - a) Allocation of £150k grant funding to London boroughs to engage with and support fuel poor households by providing advice, home visits, and referrals for installation of energy efficiency measures and other services.
 - b) Allocation of £2.5m grant to the Retrofit Works cooperative³ to cover the cost of the installation of packages of energy efficiency measures in qualifying fuel poor homes by its SME contractor members. The cooperative will oversee the installation of energy efficiency measures by its members, ensuring that all jobs are completed to high quality standards and providing additional ECO funding to ensure that GLA funding can go further and enabling more homes to be retrofitted. It is estimated that ECO funding will increase the overall spend on measures by around £250k. The EST will be contracted to manage referrals generated from GLA marketing, London boroughs and NGOs and administer grant applications, with a maximum contract value of £125k.
- 2.3 The GLA would provide further support for branding and marketing to help raise awareness of the scheme in fuel poor households.
- 2.4 Appendix 2 provides an overview of the key relationships and how the proposed programme would align with existing delivery mechanisms to provide joined up support to fuel poor households from initial contact to installation.

Expected outcomes

- 2.5 The expected outcomes of this support programme are aligned with the indicators set out in the Mayor's draft FPAP. It is expected that this programme will:
 - a. **reduce the number of fuel poor households and the overall fuel poverty gap in London**, by supporting advice, home visits, and the installation of energy efficiency measures in **a minimum of 625 and as many as 1,000** fuel poor homes to make them cheaper to heat and more comfortable, and reduce the impact of cold living conditions on health
 - b. **reduce the number of cold homes in London** by moving as many of the homes that benefit from support as possible to EPC Band C ahead of the government's 2035 target, recognising that, depending on technical feasibility, customer preference and availability of funding, it may not be possible to move all homes to EPC band C
 - c. **help fuel poor households save on their energy bills**. These savings are expected to range from £156,250 per year to £225,000 per year, depending on the measures installed⁴, with an estimated average of £225 per household

³ Retrofit Works is a not-for-profit cooperative based in London that was set up in order to help increase the number and quality of home retrofits and is currently delivering a number of local energy efficiency schemes across London. Its members are SME installers, which are expected to comply with a rigorous code of practice, and local authorities and community groups that want to see increased retrofit activity in their area. Each job is assigned a retrofit coordinator, who can provide the required level of oversight to ensure installation proceeds smoothly, and is managed through an online portal, which ensures greater transparency for all parties and better management of documentation to create a clear audit trail.

⁴ Based on standardised savings for measures under the Energy Company Obligation

- d. **reduce CO₂ emissions.** Total emissions savings are likely to range from 750 tCO₂ to 1,200 tCO₂, depending on the mix of measures installed, compared with 130 tCO₂ for Better Boilers
- e. **contribute to improved air quality** by replacing boilers with ultra-low NOx models and reducing gas consumption through the installation of building fabric improvements. Expected NOx savings are estimated to be 1.4 kg per home compared with 0.3 kg per home for Better Boilers
- f. **promote behaviour change** through energy efficiency advice and support
- g. **increase understanding** of which approaches are most effective for addressing fuel poverty, through evaluation, and gather evidence of the benefits of these approaches to build the case for further action in the future.

Rationale for the design of the programme

- 2.6 The nature of London's housing stock combined with the diversity in circumstances of fuel poor households means that every home is unique. This requires the development of flexible, end-to-end support to fuel poor households, including wider services such as benefits checks, advice and onward referral to support services, as well as the installation of a wider range of measures than previous schemes. This builds on learnings from the Mayor's Better Boilers scheme.
- 2.7 Initial evaluation from the Mayor's Better Boilers scheme has also shown how action to improve energy performance of fuel poor homes can deliver energy savings, but also wider benefits: 77 per cent of respondents to an evaluation questionnaire reported more comfortable living conditions after having a new boiler installed; 61 per cent reported reduced stress relating to energy costs; 58 per cent said that existing health conditions had been eliminated or improved; and 61 per cent reported reduced damp in their home.
- 2.8 However, a key learning was the need for referral services to ensure the service was targeted on those most in need, given that many of the worst affected households are harder to reach through marketing channels.
- 2.9 Several London boroughs are already providing these wider fuel poverty support and referral services but these are not available London wide. So, funding is to be provided to expand the reach to pave the way for a pan London approach.
- 2.10 Evaluation from Better Boilers indicates it is preferable for customer offers to provide greater flexibility, with around 20 per cent of participants suggesting that greater choice around measures and contractors would be preferable. Management of the Better Boilers contract has also taken up much more GLA officer time than anticipated. Choice of contractor is not something that can normally be delivered by a single managing agent, but can be offered by a supply chain based around SMEs. It is therefore proposed to allocate grant funding to the Retrofit Works, rather than to enter into a contract with a delivery agent, because this will provide better customer choice and flexibility while maintaining quality of service. This will also reduce contract management requirements and reputational risk for the GLA.
- 2.11 Retrofit Works is deemed to be a suitable recipient of grant funding on the basis that it has a good track record in London and is already working with a number of boroughs and housing associations to undertake installations of energy efficiency measures, delivered by local SME contractors. It has a unique delivery model, with a focus on improving the quality of installations, providing a more flexible offer to customers, and developing a skilled SME workforce to deliver retrofit within London. Therefore, its existing work is well aligned with the GLA's objectives. Further detail is provided at provided at paragraphs 4.25 to 4.27.
- 2.12 While this programme of support will help to achieve a number of direct benefits, it will also achieve a number of valuable wider outcomes and help to shape further action in the future by:
 - a) helping London boroughs to maintain and expand advice and referral networks, which are essential for ongoing delivery of fuel poverty support

- b) building on Better Boilers to test a more flexible model of installing measures in fuel poor homes and increasing our understanding of which interventions have the greatest impact
 - c) providing further evidence demonstrating the link between energy efficiency interventions and improved health
 - d) testing a new model of delivering energy efficiency measures based on a more flexible, SME supply chain, and building skills and capacity within the local supply chain.
- 2.13 By aligning with existing activity, building on previous schemes and seeking to provide greater insight into the effectiveness of energy efficiency measures, this programme of support will help build the capacity needed within London to deliver deeper and more sustained action on fuel poverty and home energy retrofit in general.
- 2.14 Several London boroughs currently operating fuel poverty support services across London. Grant funding will be allocated to boroughs on a competitive basis, with priority given to proposals that cover multiple boroughs in order to offer support to as much of London as possible.

3. Equality comments

- 3.1 The GLA will take appropriate steps to ensure that there are no potential negative impacts expected on those with protected characteristics. Those with protected characteristics will gain from the positive benefits of this scheme in equal measure should their properties be selected, and there will be equality of access to participate in the delivery and benefit from the scheme, without discrimination.
- 3.2 It is expected that this scheme will have a positive impact on lower income and fuel poor households directly through the grant support they will receive, and by catalysing greater awareness of energy use and the opportunities to reduce their consumption. The number of homes in fuel poverty will be estimated through the scheme, including the extent to which the measures delivered through the scheme, help alleviate that fuel poverty.

4. Other considerations

Eligibility criteria – households

- 4.1 The eligibility criteria for participating homes will be as follows:
- a) **properties** must be homes located in Greater London in need of at least one qualifying energy efficiency measure (as set out in **Appendix 1**)
 - b) **applicants** must meet the following criteria
 - a. owner occupier
 - b. in receipt of qualifying benefits (as defined by the Affordable Warmth Group in the Energy Company Obligation (ECO))⁵ **OR**
 - c. in receipt of a signed declaration from the London borough in which they reside confirming that they are eligible for ECO funding under the Flexible Eligibility scheme.
- 4.2 A targeted trial of installations in private rented homes will also be undertaken as part of the scheme, starting from the summer of 2018. There are two main reasons for not extending the offer to private tenants from the launch of the scheme: the impact of the introduction of Minimum Energy Efficiency Standards for the private rented sector in April 2018 will require further assessment; and, the

⁵ <https://www.ofgem.gov.uk/ofgem-publications/91438/guidancenotetheaffordablewarmthgroup.pdf> Benefits would include: Income Support, Income-related Employment and Support Allowance under the Welfare Reform Act 2007, Guaranteed Pension Credit, Full Housing Benefit, Working Tax Credit, Council Tax Benefit (does not include single occupancy reduction), Child Tax Credit (household income less than £16,105), Disability Living Allowance, Attendance Allowance, Disablement Pension Credit (must include constant attendance allowance), Income based Jobseeker's Allowance, Universal Credit, War Disablement Pension (must include either a mobility supplement or constant attendance allowance).

complexities involved with engaging landlords and obtaining multiple approvals requires more time to develop suitably robust processes. Provision for this trial will be included within the grant agreement to ensure sufficient funding remains in place to undertake installations in at least 50 private rented properties.

Eligibility criteria - measures

- 4.3 Eligible measures will include heating measures such as boilers but also building fabric measures such as loft insulation and, where appropriate, other measures that will improve comfort and internal air quality. This includes such as installing efficient ventilation to improve indoor air quality and reduce the risk of mould growth and condensation. The aim of the scheme is to enable installation of packages of measures to make the most of opportunities to improve the energy performance of homes to increase comfort, health and affordability. A full list of eligible measures can be found in **Appendix 1**.
- 4.4 Eligible households will require a survey to identify the most appropriate measures for each home, which will vary according to the type and condition of the home and the circumstances of occupants.
- 4.5 The maximum amount of GLA grant funding available per household will be £4,000. This figure has been chosen in light of learning from Better Boilers and following discussions with stakeholders. The GLA grant will be able to be used in conjunction with existing ECO funding and any available borough funding, for example carbon offset funding. Where ECO funding or other funding is available, this will be prioritised to help GLA funding go further and help more households overall. Where a home has already benefitted from a boiler installation through the Better Boilers scheme, the maximum grant available per home will be £2,000.

Scheme design - customer journey

- 4.6 The customer journey is outlined below:
- **Step 1 – engagement and referral:** referrals will be generated either through engagement and outreach activity undertaken by London boroughs and their partners, or through GLA marketing activity
 - **Step 2 – grant application:** referrals will be signposted to the EST to submit an application. Similar to the previous Better Boilers scheme, to minimise administration and delays to homeowners, there will be no facility to submit paper applications for the scheme. London boroughs and their partners will be able to assist those that are unable to make a web application on their own
 - **Step 3 – eligibility checks:** once applications for the scheme have been received by EST, details will be submitted to the Department for Work and Pensions (DWP) by EST using a DWP-approved on-line process for benefits verification. If applications come back as unverified, EST will follow up with the applicants directly to obtain a copy of the applicant's benefits award letter. In addition, EST will use the Land Registry to confirm the owner occupier status, and other details of the applicant
 - **Step 4 – measures assessment:** successful applicants will be assigned and put in contact with a retrofit coordinator from Retrofit Works, whose job it will be to act as their main point of contact and resolve any issues. Customers will receive a survey to identify what the most appropriate measures for their home, what ECO funding is available and what additional GLA funding is required. The intention will be to install as many energy efficiency measures as possible in each home, subject to funding and technical feasibility and in order to help homes get as close to achieving EPC band C as possible
 - **Step 5 – competitive tender:** Retrofit Works will obtain quotes for the works from its membership of suitably qualified local SME installers and confirm with the customer that

work can proceed. The contract for the works will be between the SME contractor and the customer, with any complaints referred to Retrofit Works

- **Step 6 – installation:** the contractor will undertake the works according to a specification provided by Retrofit Works
- **Step 7- handover:** Retrofit Works will check the quality of the works undertaken by the installer, ensuring any issues are resolved before paying the contractor on completion of the job and receipt of all necessary documentation via Retrofit Works' portal. Each home will receive a post-completion EPC showing its new energy rating.

Stakeholder engagement and communications

- 4.7 We plan to work closely with all boroughs, not only recipients of grant funding, to ensure that existing referral mechanisms are used to communicate the scheme, and so that eligible fuel poor households already on referral lists to be contacted in advance of launch. Existing referral networks include the Seasonal Health Interventions Network (SHINE), which is managed by the London Borough of Islington and is available to customers in all London local authorities. We will also seek to engage with other organisations involved in supporting fuel poor households including Age UK, Citizens Advice Bureau and local community groups.
- 4.8 Learning from Better Boilers suggests that the offer, combined with a Mayoral launch and tactical communications and marketing campaign, will be quickly picked up by the media and awareness will spread.
- 4.9 The marketing campaign will use existing resources where possible and will build on the identity and recognition of the Better Boilers programme, but will also generate new materials to reflect that the offer to householders is different. London.gov.uk will host public information, an FAQ document and application form.
- 4.10 A marketing budget of £20,000 will be spent on advertising via channels such as print and digital, including social media (to be recommended by the GLA's media planning and buying agency). Print materials will also be produced to support the campaign and will be distributed to relevant communities via existing networks. The campaign will include, but will not be limited to, the following:
- a) webpages on London.gov.uk promoting and explaining the scheme, with links to the www.london.gov.uk website which will hold the application pages
 - b) letter from Mayor to boroughs inviting their engagement
 - c) digital marketing to and through NGOs and fuel poverty action groups (e.g. National Energy Action, and Citizens Advice Bureau). Social media activity will be used before, during and after launch (including to communicate progress)
 - d) encouraging the Government to communicate the programme on gov.uk.

Evaluation

- 4.11 The EST will undertake an evaluation of the scheme to ensure that benefits are measured and to ensure that learning is captured. This will include:
- a. evaluation of key performance indicators including impact on fuel poverty; CO₂ savings; energy bill savings; improvement in energy performance
 - b. customer feedback on the scheme, including on quality of delivery and self-evaluation of health impacts
 - c. assessment of referral routes
 - d. assessment of local economic benefits

- e. case studies for each element of the customer journey
- f. assessment of health impacts

Scheme governance and oversight

- 4.12 The scheme will be overseen by the Environment Team, which will liaise with the various stakeholders involved to ensure that programme objectives are met, risks are managed and that any issues are quickly resolved.
- 4.13 An Internal Review Group will meet monthly to oversee progress. This will include senior representatives from Finance, Governance and the Environment Team.
- 4.14 Weekly reporting on KPIs will be required from the EST and Retrofit Works will provide regular updates against grant milestones.
- 4.15 The EST will be responsible for ensuring rigorous customer relationship management processes will be put in place to ensure that applicants understand the different stages of the process clearly and will also undertake eligibility checks on applications to prevent fraud.
- 4.16 The GLA will transfer to Retrofit Works sufficient capital funds in tranches to pay the contractors for installing retrofit measures, based on achievement of grant milestones. Retrofit Works will make payment for individual jobs subject to satisfactory completion of the work and submission of all required documentation to Retrofit Works' portal. The requirement for clear documentation of all work through the portal will help track jobs, ensure quality and prevent fraud.
- 4.17 Similar to the management and administration of the Better Boilers scheme, the Environment Team, with finance and governance, will audit a sample of about a dozen verified successful applications prior to releasing each tranche of funding (approximately 60 audits in total), to extend the due diligence checks and safeguard against system mismanagement.

Project costs

- 4.18 It is proposed that £2.5m capital from the £10m set aside for fuel poverty and energy efficiency interventions is used to fund the installation of energy efficiency measures in eligible homes.
- 4.19 Grant funding will be allocated in tranches, subject to the completion of agreed project milestones.
- 4.20 Allocation of revenue funding of £295,000 in total will be used for:
 - a. the allocation of £150,000 grant funding to London boroughs to help expand and strengthen existing support services working with fuel poor homes
 - b. the award of a contract, with a value of £125,000, to EST for the administration of grant applications and evaluation of the scheme
 - c. the development and distribution of marketing materials of £20,000.
- 4.21 Table 1 below sets out the projected expenditure profile for the scheme, which assumes a slight increase on uptake of grants over that seen under the Better Boilers scheme, given the wider eligibility criteria. It should be noted that it is hard to be certain over the exact profile of expenditure over the project life given uncertainties over: rate of uptake of grants; funding allocated per grant (some homes may only require low value measures); and amount of ECO funding secured (this is expected to be around 10 per cent of the total value of work undertaken). This may therefore necessitate reprofiling of both capital and revenue budgets at the end of the 2017/18 financial year.

Table 1: Projected expenditure

Budget	Q3 2017-18 (£000)	Q4 2017-18 (£000)	Q1 2018-19 (£000)	Q2 2018-19 (£000)	Q3 2018-19 (£000)	Q4 2018-19 (£000)	Total (£000)
Capital	200	340	588	637	651	84	2,500
Revenue	0	110	49	49	47	40	295

Value for money

- 4.22 The scheme will support current London borough referral schemes, combining with existing resources to help these go further and achieve greater impact. London borough schemes will be asked to submit grant funding proposals setting out how they can help contribute to meeting the objectives of the programme.
- 4.23 Home visiting and referral services will be expected to offer a wider range of support services to fuel poor households including: energy advice, including on switching and smart meters; installation of water efficiency measures; referral to the London Fire Brigade for smoke alarms; benefits checks; debt advice; falls assessments; referral to health services including flu vaccinations, stop smoking services and mental health enablement services.
- 4.24 By focusing on the most appropriate measures for each household the scheme will help support the interventions that will make the biggest difference to the energy performance of each individual household.
- 4.25 Retrofit Works will ensure that grant funding is spent in a way that represents good value for money by: ensuring measures are appropriate to the property; identifying and allocate ECO funding; overseeing quality of installations; and managing and resolving any disputes. This approach is preferred for the following reasons:
- Retrofit Works is already delivering energy efficiency programmes in London. Aligning grant funding with existing delivery will benefit more fuel poor households this winter, more quickly
 - this approach will help London-based SMEs develop and maintain retrofit skills and ensure greater value is retained within to London's economy
 - Retrofit Works has confirmed that it has access to substantial ECO funding which will ensure that GLA grant funding will go further, possible by an additional ten per cent
 - Retrofit Works operates on a not-for-profit basis. The operating costs for the scheme will be covered by a fee paid by contractors on completion of each job, based on a fixed percentage of the cost of works (to be agreed for the scheme, but typically 5-10 per cent). This fee will cover Retrofit Works' specific costs relating to managing this scheme and will not contribute to its general overheads. Any surplus funding from ECO or other sources will be recycled back into the scheme to fund additional measures, instead of going to the contractor, as is the case with many other energy efficiency initiatives
 - each individual job will be offered for competitive tender among Retrofit Works contractor members, and benchmarked against a pricing framework. Contractor membership is open to any organisation or individual engaged in delivering retrofit, provided that they meet Retrofit Works' entry criteria and adhere to its code of practice, which are designed to ensure quality of service and installation
 - this approach also allows a choice of contractor if preferred, which the draft Better Boilers evaluation indicates would be desirable for many customers
 - quotes will be benchmarked against a pricing framework of prices to ensure that installation costs provide good value

- h. each job will be assigned a retrofit coordinator, to ensure that works are implemented to a sufficiently high standard and minimise the risks of any unintended consequences of work, for example condensation, mould growth and poor ventilation.

4.26 While officers recognise that Section 4 of the GLA's Contracts and Funding code states that it may be prudent to undertake some form of competitive exercise to allocate grant funding, it is considered that this would not be the best approach in this instance on the basis that Retrofit Works' model is unique within the country and already actively deployed on London borough projects including the London boroughs of Enfield, Merton and Lewisham, with further projects under development. Undertaking a competitive exercise would add considerable time, delaying support to fuel poor households this winter without creating any benefits.

Risks and issues

4.27 While the proposed programme of support is aligned with existing initiatives and building on learning from previous Mayoral schemes, it should be noted that elements of the programme, are new, including the types of measures that can be supported by grant funding, and the relationships between different parties. However, this is a necessary step in developing more substantial support for fuel poor homes in the future.

4.28 The key risks and issues this programme are set out in the table below:

Risk	Likelihood (out of 4)	Impact (out of 4)	Rating	Mitigation
Lack of take-up results in lower number of fuel poor households supported.	1	3	3	Treat. GLA will ensure a comprehensive marketing and communications campaign for the scheme in partnership with funded London borough schemes. In addition, the GLA will convene boroughs and fuel poverty action groups ahead of the launch so they can also advertise the scheme.
Misuse of funds for non-eligible spend	1	2	2	Treat. Ensure that marketing material and websites set out eligibility criteria clearly and provide information about each stage of the process. EST will undertake rigorous checks of all applications (including boiler and owner occupier status information), and the Department for Work and Pensions will verify benefits information to ensure that eligible applications are approved. Retrofit Works will also check details of the applicant and measures when visiting the household. In addition, the GLA will audit sample applications (as set out above).
High demand for the scheme leads to overspend.	1	4	4	Treat. The scheme will operate on a first come first served basis. EST will administer the number of applications coming through the system and provide regular reporting of numbers to the GLA.

Risk	Likelihood (out of 4)	Impact (out of 4)	Rating	Mitigation
Drop out due to not meeting eligibility criteria leads to underspend (and reduced number of installations and benefits)	2	2	4	Treat. Through effective marketing and communications, the GLA will ensure greater demand than can be provided for (recognising drop out can be expected).
Poor quality installation - leading to customer complaints, increased demand on resources and reputational risk	1	3	3	Transfer. Retrofit Works will assign a retrofit coordinator to each job, whose role will be to ensure that measures are appropriate, oversee the quality of installation, ensure that sufficient documentation is provided, check that the contractor adheres to the code of practice and resolve any complaints or disputes.

Exemption from the requirements of the Contracts and Funding Code

- 4.29 We also plan to appoint EST to administer the scheme, including application processing, monitoring and evaluation.
- 4.30 Officers acknowledge that section 9.1 of the GLA's Contracts and Funding Code requires, where the expected value of a contract is between £10,000 and £150,000, the services required should be tendered or called off from an accessible framework. Section 10 provides however, that an exemption from this requirement may be approved where there is a specific rationale, including where there is deemed to be a complete absence of competition.
- 4.31 This is recognised to be the case on the basis that the EST is responsible for running the national energy advice services within the UK, and also possess access rights to Department for Work and Pensions (DWP) datasets to conduct online benefits verification. Furthermore, the EST has its own client relationship management system for managing grant applications for fuel poor households in London, including certain underlying source code and systems which, when combined with its access to DWP and Land Registry datasets, are vital for the prudent and efficient administration of the scheme. We have undertaken research into the wider market, noting that there are some small local energy advice providers in other parts of the UK, but none has in place the elements highlighted above, all which taken together are considered of critical importance for the effective delivery of the services.
- 4.32 Following this market research exercise, the EST are the only organisation likely to be able to confidently mobilise and deliver the services within the timescale proposed; any potential competitors do not currently have these systems and processes in place and would require a substantial lead in time and expenditure to develop and acquire the necessary technology for administering the services cost-effectively.

5. Financial comments

- 5.1 The Decision is seeking Mayoral approval to fund the Fuel Poverty Support Programme.
- 5.2 Capital budget of £2.5m is sought to grant fund the cost of installing a range of energy efficiency measures in households and this be funded from the Energy programme budget. The delivery of the installation programme will be managed by Retrofit Works cooperative.

- 5.3 The Decision is also seeking approval for Revenue expenditure of £295,000 which will be spent on grant funding to London boroughs (£150,000), a contract with EST to administrate and evaluate the scheme (£125,000) and marketing (£20,000). The expected profile spend over two financial years is provided under section 4 (Table 1). The Energy Efficiency budget for new mechanisms will fund the revenue costs of this scheme in 2017-18. 2018-19 costs are also to be met from the same budget, subject to 2018-19 budget setting and approval process.

6. Legal comments

- 6.1 The foregoing sections of this report indicate that the decisions requested of the mayor fall 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 The officers must ensure that any external services required for the project be procured in accordance with the Authority's Contracts and Funding Code (the "Code") and with the assistance of Transport for London's procurement team. Furthermore, officers must ensure that appropriate contractual documentation be executed by both the Authority and the relevant contractor prior to the commencement of the required services
- 6.4 The officers propose that the GLA award grant funding to the Retrofit Works cooperative and certain London boroughs. To this end, the officers are reminded of the requirements that grant funding be awarded in accordance with the requirements of section 12 of the Code.
- 6.5 The officers propose that the GLA award a contract to EST to administer and evaluate the 2017/18 pan-London fuel poverty home energy grant scheme. That contract would be valued at up to £125,000. Section 9 of the Code requires that the Authority undertake a formal tender process or make a call off from an accessible framework for procurements with a value between £10,000 and £150,000. However, section 10 of the Code also provides that an exemption from this requirement may be justified on the basis that there is a complete absence of competition in the market. The officers have set out at paragraphs 4.18-4.20 the reasons why the procurement of EST falls within the said exemption. Accordingly, the mayor may approve the exemption, if he be so minded.

7. Planned delivery approach and next steps

Proposed next steps

- 7.1 We plan to engage with London boroughs to encourage them to submit funding proposals for using grant funding to extend and enhance existing fuel poverty support programmes. Proposals that demonstrate a high existing level of service and the ability to reach a wide range of fuel poor homes in different locations will be prioritised.
- 7.2 We plan to enter into a grant agreement with the Retrofit Works cooperative to expand its existing projects delivering energy efficiency improvements in several London boroughs. These projects align with the approach proposed above. This grant will be used to fund the installation of packages of energy efficiency improvements to fuel poor homes through its membership of SME installers. We anticipate that this grant agreement will be executed in the first week of December.
- 7.3 Before the scheme commences, the GLA would convene boroughs, NGOs and fuel poverty action groups, to brief them on the scheme and gain their agreement to promote the scheme. Initial consultation with London boroughs has indicated that the proposed programme would be favourably received and would align with borough objectives.
- 7.4 While this programme is underway, and as the Energy for Londoners Programme is being established, lessons learned from this programme and other workstreams including the Energy Leap project pilots and establishment of an energy supply partnership will be used to develop a more integrated home energy programme.

Activity	Timeline
Agree works scope and delivery timetable and mobilise core project team	w/c 20 November 2017
Mayoral letter to boroughs and grant prospectus issued	w/c 27 November 2017
Execute grant agreement with Retrofit Works	w/c 11 December 2017
Agree contract with EST	w/c 11 December 2017
Officer-level roundtable with boroughs	Mid-December 2017
Receive proposals from London boroughs for grant funding	w/c 18 December 2017
Develop T&Cs, on-line administration system, and website	Early December 2017
Develop website and marketing materials	Early December 2017
Complete evaluation of funding proposals and allocate grant funding to boroughs	w/c 8 January 2018
Complete evaluation of funding proposals and allocate grant funding to boroughs	w/c 8 January 2018
Launch scheme including Fuel Poverty Partnership	January 2018
Commencement of private rented sector trial	Summer 2018
Scheme close	31 March 2019

Appendices and supporting papers:

Appendices:

Appendix 1 – List of eligible measures

Appendix 2 – Overview of key relationships

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason: Publication to coincide with launch of 2017-18 Fuel Poverty Support Scheme.

Until what date: later of 29 January 2018

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

George Simms has drafted this report in accordance with GLA procedures and confirms the following have been consulted on the final decision.

✓

Sponsoring Director:

Fiona Fletcher-Smith 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 the 20 November 2017

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

M D Bell

Date

20.11.17

CHIEF OF STAFF:

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

Signature

D. Bellamy

Date

20/11/2017

Appendix 1 – Eligible Measures

The following measures will be supported through GLA grant funding. Eligibility criteria may be refined and developed further during scheme development.

Measure	Eligibility criteria
Building fabric measures	
Cavity wall insulation	
Double glazing	
Draught proofing	
Flat roof insulation	
Floor insulation	
Loft insulation	
Room in roof insulation	
Secondary glazing	
Solid wall insulation (internal and external)	For external wall insulation, planning approval or certificate of lawful development must be provided
Heating measures	
Boiler replacements and repairs	Boiler must meet qualifying criteria for ECO funding
Electric heating improvements	
Heating controls	
Heating cylinder improvements and replacements	
New central heating	
Other measures	
Energy efficient ventilation	Installed where: <ul style="list-style-type: none"> • One or more building fabric measure is installed • Evidence of condensation, damp or mould (documentation to be provided)

Appendix 2 – Overview of key relationships

