

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2886

Title: Warmer Homes programme 2021/22

Executive Summary:

The Mayor wants to make London a zero-carbon city by 2030, while at the same time protecting the most disadvantaged by tackling fuel poverty. The COVID-19 pandemic has presented London with its most challenging period in recent history and missions to deliver a Green New Deal and a Robust Safety Net are central to London's recovery programme.

The Mayor's Warmer Homes programme has operated since January 2018 and provides heating and insulation improvements to homes in or at risk of fuel poverty. By winter 2021 it is expected to have improved over 2,000 homes and has so far secured over £6m in match funding from the Green Homes Grant Local Authority Delivery programme and the Energy Company Obligation.

MD2775 secured approval to procure for the third round of Warmer Homes but this procurement is not now expected to be completed until early 2022. This Mayoral Decision seeks approval to extend the second round and to fund the programme by a further £2.6m until March 2022, to deliver works to a further 458 homes.

Decision:

That the Mayor approves expenditure of up to £2.6m to deliver the Warmer Homes programme in 2021/22, to deliver works to a further 458 homes. This is comprised of up to £2.52m capital and up to £80k revenue.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

15/11/21

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

Decision required – supporting report

1. Introduction and background

Background

- 1.1 The Mayor wants to make London a zero-carbon city by 2030, whilst at the same time protecting the most disadvantaged Londoners by tackling fuel poverty. This is a stretching ambition given the scale of fuel poverty and the low take-up of energy efficiency measures. In light of the COVID-19 pandemic, the London Recovery Programme also incorporates two relevant missions: A Green New Deal and A Robust Safety Net.
- 1.2 The government's Clean Growth Strategy sets out an aspiration for all fuel poor homes to be upgraded to Energy Performance Certificate (EPC) Band C by 2030 and for as many homes as possible to be EPC Band C by 2035 where practical, cost-effective and affordable. The statutory fuel poverty target for England was set out in 2014 and it "is to ensure that as many fuel poor homes as is reasonably practicable achieve a minimum energy efficiency rating of Band C, by 2030". *Sustainable Warmth: protecting vulnerable households in England* was published in February 2021 and is the government's fuel poverty strategy, outlining steps towards this. The Mayor's Fuel Poverty Action Plan lays out actions to help achieve this target in London.
- 1.3 In 2019 there were 531,000 households living in fuel poverty in London, which equates to over 15 per cent of all households. London continues to lose out on funding from the government's Energy Company Obligation (ECO); while Londoners contribute 13 per cent to ECO through their energy bills, less than 5 per cent of funding finds its way back to London. The Mayor has set out his programme of actions to address fuel poverty in London (consistent with his powers) in his Fuel Poverty Action Plan. These include support for energy efficiency programmes such as the current Warmer Homes programme and fuel poverty advice.
- 1.4 Low income Londoners are facing an exceptionally challenging period, with the initial and ongoing impacts of coronavirus exacerbated by rising energy prices. From 1 October the price cap on energy bills was raised by the regulator Ofgem by £139, an increase of around 12%. A further increase in the price cap in April is also a near-certainty given the recent surge in wholesale costs. Alongside the ending of the uplift on Universal Credit the next few months will likely see many tens of thousands of households fall into fuel poverty.

Current Warmer Homes programme

- 1.5 Warmer Homes 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 our Energy programmes, and particularly in the Energy Leap pilot project and the Retrofit Accelerator – Homes programmes, there has been an increased focus on deeper retrofitting. This approach aims to achieve greater occupant benefits including lower bills, greater comfort and improved health and wellbeing, in addition to reduced CO₂ emissions.
- 1.6 The focus of the current Warmer Homes scheme has been to target energy efficiency support to fuel poor households, including extending the scheme to the private rented sector in November 2018. The current, second phase of Warmer Homes was approved by MD2412 and commenced in March 2020.

- 1.7 Warmer Homes is currently delivered by Happy Energy Solutions Ltd who process applications and oversee the installation of energy efficiency measures. The GLA procured Happy Energy with a headroom of £13.97m in order to be able to take advantage of further sources of funding without the need to re-procure.
- 1.8 The delivery of Warmer Homes interventions has been delayed by the pandemic, with only essential heating works being carried out during most of the lockdown period March 2020 to March 2021 to safeguard vulnerable households. All works recommenced on 29 March 2021, however, and are anticipated to be completed by winter 2021. That will complete the second phase of Warmer Homes.
- 1.9 The maximum grant value of Warmer Homes was initially set at £4,000 (including VAT) in 2018, but in that time the costs of measures have increased and significant numbers of applicants require works above the grant value. The maximum grant value was increased to £5,500 in 2021 and it is proposed that this is maintained.
- 1.10 We have secured significant funding from the government's Local Area Delivery Fund – a total of £9.45m to date. This funding covers the cost of renewable heating and insulation measures, but not gas boilers. As a result, funding from the GLA is required to deliver emergency gas boiler replacements and repairs, so we can meet the needs of very vulnerable households who have been without a fully functioning heating system for some time. Taking a fabric first approach (tackling insulation first) would be the ideal but the needs of these households is often urgent, and the funding has typically not been available to undertake such an approach.
- 1.11 MD2775 approved a procurement of a third phase of Warmer Homes, but this is not expected to be completed until early 2022. This timetable reflects the complexity of the procurement, which introduces several novel elements to the programme, such as an offer for householders who can afford energy efficiency improvements ("Able to Pay") and a framework approach that boroughs can utilise. It also reflects the need to meet the requirements of further government funding schemes which are anticipated to be available later this year.
- 1.12 This Mayoral Decision therefore seeks approval to allocate a further £2.6m to the current Warmer Homes programme so it can continue to provide support to vulnerable households until the procurement of the next phase is completed.

Budget and resources

- 1.13 Whilst we are transitioning away from gas as a heating fuel many households applying to Warmer Homes are in urgent need of gas boiler repairs or replacements. There is at present no other national funding available for this, with GHG-LAD funding specifically excluding gas boilers. We therefore propose to allocate £2,520,000 to such works and other energy heating, insulation and ventilation improvements. The remaining £80,000 covers the contractor's management fees. In a number of homes, alongside any GLA funding, it will also be possible to use GHG-LAD funding to cover the costs of wider improvements such as solar PV and high cost insulation works.

- 1.14 The indicative GLA budget allocation is as follows:

Item		Value (£)
Capital	Works	2,520,000
Revenue	Contractor management fees	80,000

Total	2,600,000
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1.19 £500,000 of the above total is currently budgeted as Warmer Homes revenue and is requested to be moved from Warmer Homes revenue to Warmer Homes capital to facilitate this spend.

2 Objectives and expected outcomes

2.1 The main aim of an extended second phase of Warmer Homes would be further delivery of the Mayor's ambition for London to be a zero-carbon city by 2030 whilst tackling fuel poverty. This will serve to increase the deployment of energy efficiency measures across London and support growth of the energy efficiency supply chain, which is currently severely under-developed.

The programme would be based on the existing Warmer Homes workstream:

- **fuel poverty grant scheme:** a continuation of the existing Warmer Homes scheme as the key pillar of the programme. A core capital budget for this scheme would be set with the aim of securing additional funding from other sources, including Energy Company Obligation local authority carbon offset funding, and the Green Homes Grant Local Authority Delivery scheme

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

- 458 fuel poor households will be supported
- Annual fuel bill savings for Londoners of £52,000
- Annual CO₂ savings of 344 tCO₂/yr.

2.3 Programme performance is determined against a set of KPIs and qualitative indicators. The following Key Performance Indicators (KPIs) would continue to be used:

- Fuel poor households supported
- Resident satisfaction
- CO₂ savings (tCO₂/year)
- Energy bill savings (£000/year)
- Funding leveraged (£000).

3 Equality comments

3.1 Under Section 149 of the Equality Act 2010, as a public authority, the GLA is subject to the public sector equality duty and must have due regard to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do not. Protected characteristics under section 4 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sex orientation, and marriage or civil partnership status (all except the last being "relevant" protected characteristics).

- 3.2 The GLA will take appropriate steps to ensure there are no potential negative impacts on those with protected characteristics in relation to the development, design, targeting, marketing and delivery of the scheme. This will be done by ensuring compliance with the Mayor's Equality, Diversity and Inclusion Strategy and developing and testing in line with GLA guidance on equalities and diversity. Those with protected characteristics will gain from the positive benefits of this scheme in equal measure should their households be eligible, and there will be equality of access to participate in the delivery and benefit from the scheme, without discrimination.
- 3.3 The programme has been designed in line with the London Environment Strategy and the proposals in there were tested to ensure they had due regard to the public sector quality duty. The programme will target residents who are in or at risk of fuel poverty and homes with poor levels of energy efficiency, and it will aim to promote holistic, whole-house energy efficiency retrofits. The programme is therefore designed to advance equality of opportunity and support those who are particularly vulnerable, whether as a result of their protected characteristics or other factors, such as their health or personal circumstances. It is therefore expected that this scheme will have a positive impact on lower income and fuel poor households directly through the home refurbishments. Indirect benefits are also anticipated by catalysing greater awareness of energy use and the opportunities for people to reduce their energy consumption and bills, whilst still protecting their health.

4 Other considerations

Links to Mayoral strategies

- 4.1 Alongside its central role in delivering the Fuel Poverty Action Plan this proposal also aligns with relevant actions in the London Environment Strategy, Equality, Diversity & Inclusion Strategy and 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 Advice Service 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 Advice Service supports them to use energy more efficiently and supports access to funding for heating and insulation improvements.

4.3 Key risks

Risk no	Risk	Likelihood (1-4)	Consequence (1-4)	Rating	Mitigation
1	Low uptake	1	1	1	The Warmer Homes Advice Service was established to support referrals to Warmer Homes and is a proven mechanism for

					this. Experience from previous phases of Warmer Homes suggest that demand will remain high
2	A further lockdown this winter means that contractors cannot go into homes	2	4	8	A revised delivery schedule would be prepared, with delivery continuing into Quarter 1 2022/23
3	Continuing supply chain problems limit the ability to deliver	2	4	8	A revised delivery schedule would be prepared, with delivery continuing into Quarter 1 2022/23
4	Grants run out early	2	3	6	Restrictions to eligibility and the availability of GHG-LAD funds mean that this is unlikely however uptake will be kept under review through regular communication with the Warmer Homes Advice Service

Conflicts of interest

- 4.4 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 Approval is being sought for expenditure of up to £2.6m until March 2022 to deliver the Warmer Homes programme works to 458 homes. The total expenditure is comprised of up to £2.52m capital and up to £80k revenue.

5.2 The proposed expenditure of £2.6m, a combination of Capital (£2.52m) and Revenue expenditure (£0.080m) will be funded from the 2021-22 Environment Programme budget, specifically the capital and revenue budget provisions allocated to the Warmer Homes programme, approved as part of the Authority's budget setting process for 2021-22

6 Legal comments

6.1 The foregoing sections of this report indicate that the decisions requested of the Mayor concern the exercise of the Authority's general powers; falling within the statutory powers of the Authority to promote and/or to do anything which is facilitative of or conducive or incidental to the promotion of social development within Greater London and in formulating the proposals in respect of which a decision is sought officers have complied with the Authority's related statutory duties to:

- (a) pay due regard to the principle that there should be equality of opportunity for all people;
- (b) consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
- (c) consult with appropriate bodies.

6.2 In taking the decisions requested of him, the Mayor must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.

7 Planned delivery approach and next steps

Milestone	Date
Approval to allocate funds and extend Warmer Homes 2	October 2021
Contract variations agreed with contractor	November 2021
Warmer Homes open to new applicants	December 2021
Warmer Homes Phase Two ends	March 2022

Appendices and supporting papers:

None.

Public access to information

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

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

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? NO

Part 2 – Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

John Kolm-Murray has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

Shirley Rodrigues has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 25 October 2021

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

D. Gane

Date

25/10/21

CHIEF OF STAFF: Richard Watts on behalf of David Bellamy

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

Signature

Richard Watts

Date

28/10/21