

**GREATER MANCHESTER COMBINED AUTHORITY**

Date: 18<sup>th</sup> December 2020

Subject: Green Homes Grant Local Authority Delivery Scheme: Phase 1b

Report of: Councillor Andrew Western, Portfolio Lead for Green City Region and Alison McKenzie-Folan, Portfolio Lead Chief Executive for Green City Region

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**PURPOSE OF REPORT**

To seek approval for a proposal for GMCA to bid for an additional £5-6m Government funding from the 'Green Homes Grant: Local Authority Delivery' (GHG:LAD) Phase 1b fund, on behalf of Greater Manchester Local Authorities and Registered Providers.

**RECOMMENDATIONS:**

GMCA is requested to:

1. Agree GM Local Authorities should collectively bid for £5-6m of Green Homes Grant, to extend our existing green homes grant funded programme from March 21 to September 21.
2. Agree GMCA should be the accountable body for the bid on behalf of GM Local Authorities and Registered Providers.
3. Delegate authority to the GMCA Treasurer and Monitoring Officer, subject to a successful bid, to contract with BEIS, receipt and defray the funds to partners.
4. Note that equalities impact from this proposal will be managed via utilising delivery companies with robust equality policies, and to note the environmental outcome is to substantially reduce the carbon emissions from approximately 500 homes in Greater Manchester.

## CONTACT OFFICERS:

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## Equalities Implications:

*The impact on equalities is low as the funding will be expended through established framework, with delivery companies who will have their own equalities policies.*

## Climate Change Impact Assessment and Mitigation Measures –

- 1. If the funding bid is accepted, the actual emission reductions will be compared against those estimated at feasibility stage. Wherever possible, local delivery organisations with reduced travel distances will be used.*
- 2. Emissions could be reduced further by insisting that the procured delivery organisation only used ULEV for their business travel, however this is not thought practicable at this time.*

## Risk Management:

*The Grant Offer is likely to have conditions on utilization of the funds for their intended purposes and within the delivery timescales set. It will be a challenge to deliver this commission within these timescales, which will require proactive management. This has been communicated to all Districts/partners.*

## Legal Considerations:

*If the bid is successful, the Grant Offer Letter will be reviewed with GMCA Legal to ensure that our legal liabilities are met with respect to passing grant through to Local Authorities and other third parties as required. Discussions have been held with Procurement Team on the procurement processes necessary to expedite delivery.*

## Financial Consequences – Revenue:

*There are no financial consequences for GMCA revenue budgets. The bid will include an element of revenue funding for project management however this will need to be supplemented with time from existing GMCA and District Officers. GMCA will receive and disburse grant either directly, or via pass-through grant to Districts and other partners under a back to back agreement.*

## Financial Consequences – Capital:

*Funding for Capital works will subject to a successful application. GMCA are aiming to achieve a programme which is 100% grant funded.*

Number of attachments to the report: 0

Comments/recommendations from Overview & Scrutiny Committee

*This was informally discussed at Scrutiny Meeting on 12<sup>th</sup> November. Members were supportive of measures to increase energy efficiency in fuel poor homes.*

BACKGROUND PAPERS:

See previous GMCA paper on Green Homes Grant – Local Authority Delivery

TRACKING/PROCESS		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes
EXEMPTION FROM CALL IN		
Are there any aspects in this report which means it should be considered to be exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?		no
GM Transport Committee	Overview & Scrutiny Committee	
N/A	12 <sup>th</sup> November 2020	

## 1. INTRODUCTION/BACKGROUND

1.1 As part of the Summer Fiscal stimulus, Government announced £2bn funding for domestic retrofit projects. £1.5bn of this will be distributed by a voucher scheme for 'able to pay' householders. Government announced, on 4<sup>th</sup> August, that £0.5bn would be delivered through for a Green Homes Grant to be delivered by English Local Authorities in two phases:

- Phase 1a – GMCA has already been successful in receiving a £4.7m award
- Phase1b – bids for a share of £127m to be submitted with delivery being completed by September 21
- Phase 2 – bids for a share of £300m – from April 2021, procurement mechanism to be determined later

1.2 The funds aim to raise the energy efficiency of low-income and low EPC rated homes (those with Band D, E, F or G) including those living in the worst quality off-gas grid homes, delivering progress towards reducing fuel poverty, the phasing out the installation of high carbon fossil fuel heating and the UK's commitment to net zero by 2050. BEIS have recently confirmed that EPC 'D' rated properties can also be included as long as they are not the focus of the bid.

1.3 Funding to owner occupied eligible households will cover the full cost of upgrading a home and the expected average cost of upgrades should not exceed £10,000 per property. The scheme expects landlords eligible for funding (private and social) to provide at least 33% contribution towards the cost of the upgrades and the subsidy should not exceed £5,000 on average per household. A number of GM social landlords have already expressed interest in the scheme.

1.4 Where proposals cross LA boundaries, a consortium bid should be submitted. Where a bid is from a consortium, a lead LA should be agreed (GMCA is eligible), and this LA should submit the proposal on behalf of the consortium. Greater Manchester Authorities already collaborate in this area, via the GM Retrofit Group (Chaired by Stockport) to deliver the Warm Homes Fund. Individual Authorities could bid independently, however most lack the capacity. GMCA has a track record of bidding for and delivering with LAs, similar award winning programmes, to achieve economies of scale.

1.5 There is also a requirement to ensuring all contractors recruited for the project have been procured through fair and open competition. Greater Manchester Authorities have already procured E.ON to undertake domestic retrofit activities primarily utilizing Energy Company Obligation funding.

1.6 Given GMCA have already been successful with a phase 1a submission and with limited timescales for preparing a bid, initial discussions have been held with E.ON about the potential of them supporting a further GM consortium bid on behalf of GM Authorities.

## **2.0 OPPORTUNITIES/RISKS**

### 2.1 The key risks include:

- The timescale for bidding is very tight and we would be unable to do so without the support of a delivery partner that was already secured (i.e. E.ON)
- The criteria for the scheme is quite restrictive (EPC rating D,E,F,G and income <£30kp/a) and finding suitable candidate homes will be challenging.
- The timescale for delivery is also very short (6 months) and identifying suitable candidate homes and securing access for work will be challenging, as we face periods of uncertainty.
- The requirement for private landlords to contribute 33% of cost will limit its appeal. The scheme is therefore most likely to appeal to fuel poor homeowners who cannot afford to match fund the voucher scheme and social landlords who have the available match and can demonstrate they meet state aid rules.
- To deliver the programme we would need to recruit staff (at least 1 FTE) quickly to support its delivery (by end October) although there would be an opportunity for secondments from Districts. This resource would be funded through the administrative element of the funding (see financial implications)
- If GM does not bid for Phase 1b GHG:LAD funding, it may hamper our credibility to win Phase 2 funding as BEIS are likely to favour programmes that have shown a track record of delivery and can provide continuity of delivery

### The key opportunities include:

- Potential to bid for £5-6m additional Government Funding to support GM fuel poor residents and reduce carbon emissions
- Utilisation of an existing procured supplier who will support bid development
- Opportunity for Districts to collaborate with consequential efficiencies of scale
- Opportunity to link the GHG offer to local apprenticeships and employment initiatives
- GM has access to new housing stock data that should help to prioritise marketing of the offer to residents.
- Feedback from the GM Retrofit Group is that there is appetite from District officers for a GM consortium bid, as long as it were to be led by GMCA (ie no appetite or capacity for one LA to lead a bid on behalf of others).
- As part of the bid, GM are likely to be able to influence the uptake of the wider £1.5m voucher scheme to deliver greater local economic benefit.

## **3.0 FINANCIAL IMPLICATIONS**

### If the bid is successful:

- 3.1 Local Authorities may use up to 15% of grant funding to fund administrative, delivery and ancillary works.
- 3.2 This could be used to fund a central co-ordinating function, local marketing and quality assurance. There is no financial requirement on Districts, although District Officers will need to work with the central coordinating team to identify and market the opportunity to residents.

3.3 Successful bids will be paid in 2 instalments; an upfront 50%, with a further 50% of the Grant being paid within in 10 days following submission of the third monthly report. Oldham, EON (via Oldham) and the social Housing/Registered providers would draw down their funds from GMCA under a 'on funding' agreement, monthly, backed up by reporting and expenditure evidence claims.

#### **4.0 RECOMMENDATIONS:**

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