

**GREATER MANCHESTER COMBINED AUTHORITY**

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

Subject: Social Housing Decarbonisation Fund Demonstrator

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**

The purpose of this paper is to outline the opportunity presented by the Social Housing Decarbonisation Fund Demonstrator and Greater Manchester's ambition to seek funding from the scheme for social housing retrofit projects across the conurbation. Given the constrained delivery timeframes, if the bid is successful, GM is seeking approval to receive and expend circ £7m funding from BEIS to undertake low carbon retrofit projects on circa 250 social housing buildings across Greater Manchester.

**RECOMMENDATIONS:**

GMCA is requested to:

1. Note, the opportunity to bid for circa £7m of Social Housing Decarbonisation Fund Demonstrator funding from BEIS.
2. Agree the 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 250 social homes in Greater Manchester and to demonstrate innovative delivery mechanisms which can be upscaled and replicated.

**CONTACT OFFICERS:**

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#### **Equalities Implications:**

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

#### **Climate Change Impact Assessment and Mitigation Measures –**

- 1. The environmental outcome will be to substantially reduce the carbon emissions from approximately 250 social homes in Greater Manchester. 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 the timescales set by the funder, which will require proactive management. This has been communicated to all Districts/partners. Where appropriate, any risks will be passed onto the final grant recipient.*

#### **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:**

<b>TRACKING/PROCESS</b>		
Does this report relate to a major strategic decision, as set out in the GMCA Constitution		Yes
<b>EXEMPTION FROM CALL IN</b>		
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 The Social Housing Decarbonisation Fund Demonstrator (SHDF Demonstrator) will start the decarbonisation of social housing between 2020 and 2021. Its aim is to support green jobs as part of the governments [COVID-19 economic recovery plan](#).
- 1.2 This £50 million programme, announced in July 2020, will support social landlords to demonstrate innovative approaches to retrofitting social housing at scale. It will mean warmer and more energy efficient homes, a reduction in households' energy bills, and lower carbon emissions.
- 1.3 The SHDF Demonstrator will need to provide a variety of outputs including a 50 kWh/m<sup>2</sup> heat demand target and ensure PAS 2035 compliancy across all properties.
- 1.4 The SHDF Demonstrator upscales the existing [Whole House Retrofit \(WHR\) Innovation Competition](#). The SHDF Demonstrator project is an initial investment to learn lessons and catalyse innovation in retrofitting for the Social Housing Decarbonisation Fund, for which the Government's manifesto committed £3.8 billion of new funding.

## 2.0 PROPOSED APPROACH

- 2.1 The Greater Manchester bid is based around combining efficient procurement and streamlined delivery, capacity-building within the local supply chain and targeted innovation to create a flexible approach to the retrofit of circa 250 homes across 10 Housing providers, that is inherently scalable.
- 2.2 The bid partners are confident that the project will achieve the 50 kWh/m<sup>2</sup> heat demand target (as required by the BEIS bid criteria) in each property as partner RPs have already carried out desk-based analysis of the home and their needs. In some cases, more detailed assessments have been undertaken.
- 2.3 Each home will have a PAS2035 compliant assessment of the cost-optimal approach to reach the BEIS target which, combined with a low carbon heating system, will make participating homes net zero ready as well as achieving improvements in comfort and energy consumption.
- 2.4 The whole house packages will be undertaken on circa 250 homes, covering nine archetypes which cover over 42% of England's housing stock (according to BRE's Taxonomy of English Housing). The range of archetypes, combined with the flexible, replicable processes and PAS2035 compliant delivery will ensure that work on this project is undertaken to a high standard and provide a template for delivery at greater scale.
- 2.5 Shared procurement, specifications and collation of learning will deliver cost savings and identify how i) the approach can be replicated for other homes of similar archetypes ii) further cost savings can be achieved. Contractors have been pre-selected to Procure Plus' PCR2015 compliant framework agreements and Dynamic Procurement System (DPS) on the basis that they are competent at delivering social housing investment programmes, including for whole

house retrofits, providing confidence over deliverability, quality and health and safety. Aggregation of procurement through a framework in this way is proven to lead to cost reductions.

- 2.6 The processes that will be used through the project are inherently flexible and replicable, as they have been designed for use on practically any home. Basing the approach around a high standard of assessment to identify optimised retrofit pathways has a better chance of succeeding in retrofitting a diverse housing stock – BRE property taxonomy shows 56 base housing archetypes in England alone, which vary widely in-built form and characteristics – as opposed to a technology/product focused approach that will only be applicable to a limited number of homes.
- 2.7 The use of a Retrofit Pattern Book will help embed good practice and address complex detailing issues that often add costs to a retrofit. Building on the existing open-source resource will allow learning to be disseminated more widely and make best practice design available to all, reducing costs. Overall, this will help create an end-to-end mass customisation approach, which will dramatically reduce hassle and cost for both retrofit practitioners and customers, making retrofit more accessible and cheaper while ensuring that high quality standards are maintained.
- 2.8 Supporting the growth of green jobs and local supply chains in the region post-COVID-19, the project will further the development of retrofit coordinator services in the region, providing much needed capacity as retrofit activity scales up. The substantial match funding contributions from partner RPs mean that BEIS funding will go further, allowing more homes to be completed and supporting more installer, assessor and retrofit coordinator jobs in the area. In addition, some RPs may choose to use in-house contractors for elements of installation, thereby supporting job retention and improving skills – helping to avoid boom and bust and ensure jobs are sustainable.
- 2.9 Working with GM Districts (via the Retrofit Officers Group), 10 Housing Providers, Salford University and Energy Systems Catapult (TfGM, HSCP), GMCA submitted a submission to the SHDF of circ£7m on 12<sup>th</sup> November, with an outcome due towards the end of the year.

### **3.0 NEXT STEPS**

- 4.1 Resourcing is largely in place and will seek to utilise existing staff from across 3 GMCA Directorates, the housing providers, and partners.
- 4.2 It is understood that BEIS intend to utilise a similar MOU and funding agreement as the recent Green Home Grant (GHG) Local Authority Scheme. To expedite and ensure legal requirements are in place, an existing 'onward funding agreement' will be shared with the partners for their review.
- 3.3 Notification and outcome from the submission is due before the year end and if successful would require a January mobilisation.

## 4.0 OPPORTUNITIES/RISKS

4.1 The key risks/opportunities include:

- The timescale for delivery of the commission, if the bid is successful, is very tight (by December 2021), when considered with wider retrofit schemes. However, it is understood the local supply chain has capacity to deliver.
- Utilisation of existing OJEU procured framework, Procure Plus to support mobilisation and deployment of local supply chains
- Opportunity for Housing Providers to collaborate with consequential efficiencies of scale
- Opportunity to support local apprenticeships and employment initiatives through deployment at scale (particularly post project and achieving the revised DECENT Homes Standards)
- BEIS are likely to favor programmes that have shown a track record of impact and delivery at scale.

## 5.0 FINANCIAL IMPLICATIONS

If the bid is successful:

- 5.1 There are no financial consequences for GMCA revenue budgets, as an allocation of £186,000 has been budgeted to support the required resource for delivery. GMCA will receive and disburse the capital grant either directly or via 'pass-through' grant to Districts and other partners.
- 5.2 Housing Providers and partners have identified their respective contributions to demonstrate added value to the project.
- 5.3 It is intended that GMCA will contract with BEIS and have back to back contracts with LAs (asset owners) and Housing Providers for delivery.

## 6.0 RECOMMENDATIONS:

GMCA is requested to:

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