

HOUSING, PLANNING & ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE

Date: 04 February 2021

Subject: Green Homes Grant Local Authority Delivery Scheme

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

PURPOSE OF REPORT

To provide an overview of the 'Green Homes Grant: Local Authority Delivery' scheme, seek Members views on current progress and how to optimise the opportunities arising from available funding.

RECOMMENDATIONS:

Scrutiny Committee is requested to:

1. Note the contents of the paper and accompanying presentation
2. Provide advice on how the Scheme could be better promoted to residents in the future

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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 4th 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
- Phase 1b – 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 can 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. 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, a further bid of £5.6m has been made with E.ON on behalf of GM Authorities for Phase 1b.

2.0 OPPORTUNITIES/RISKS

2.1 The key risks include:

- The timescale for bidding in each round was very tight and we would have been 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 national voucher scheme and social landlords who have the available match and can demonstrate they meet state aid rules.
- To deliver the programme, we have seconded staff from Oldham MBC to support its delivery. This resource can be funded through the administrative element of the funding (see financial implications)

The key opportunities include:

- BEIS are likely to favour programmes that have shown a track record of delivery and can provide continuity of delivery
- Potential to bid for £5.6m additional Government Funding to support GM fuel poor residents and reduce carbon emissions under Phase 1b and a further £15m under Phase 2.
- 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 was that there was 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 £1.5bn voucher scheme to deliver greater local economic benefit.

3.0 FINANCIAL IMPLICATIONS

If the Phase 1b 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 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:

Scrutiny Committee is requested to:

- Note the contents of the paper and accompanying presentation
- Provide advice on how the Scheme could be better promoted to residents in the future