

GREATER MANCHESTER COMBINED AUTHORITY

Date: 30 July 2021

Subject: Sustainable Warmth Competition

Report of: Councillor Emmott, Portfolio Lead for Green City Region and Pam Smith, Portfolio Lead Chief Executive for Green City Region

PURPOSE OF REPORT:

To seek approval for GMCA to bid for cr£15m Government funding from the 'Sustainable Warmth Fund' from BEIS, on behalf of Greater Manchester Local Authorities and Registered Providers.

RECOMMENDATIONS:

The GMCA is requested to:

1. Agree GM Local Authorities should collectively bid for c£15m of Sustainable Warmth Competition funding, to continue our existing Green Homes Grant funded retrofit programme from December 2021 to March 23.
2. Agree GMCA should be the accountable body for the bid on behalf of GM Local Authorities and Registered Providers.
3. Subject to a successful award, delegate authority to the GMCA Treasurer and Monitoring Officer to contract with BEIS to receive and defray the funds to partners and procured delivery partner(s).
4. Note that equalities impact from this proposal will be managed via utilising delivery companies with robust equality policies, and the environmental outcome is to substantially reduce the carbon emissions from approximately 1200 homes in Greater Manchester.

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BOLTON
BURY

MANCHESTER
OLDHAM





ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN








Equalities Implications:

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

Impacts Questionnaire		
Impact Indicator	Result	Justification/Mitigation
Equality and Inclusion		
Health	G	
Resilience and Adaptation	G	
Housing	G	
Economy	G	
Mobility and Connectivity		
Carbon, Nature and Environment	G	
Consumption and Production		
Contribution to achieving the GM Carbon Neutral 2038 target		
Further Assessment(s):	Carbon Assessment	
	Positive impacts overall, whether long or short term.	 Mix of positive and negative impacts. Trade-offs to consider.
	Mostly negative, with at least one positive aspect. Trade-offs to consider.	 Negative impacts overall.

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.

Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance		
New Build Commercial/Industrial	N/A	
Transport		
Active travel and public transport	N/A	
Roads, Parking and Vehicle Access	N/A	
Access to amenities	N/A	
Vehicle procurement	N/A	
Land Use		
Land use	N/A	
	No associated carbon impacts expected.	 High standard in terms of practice and awareness on carbon.
	Mostly best practice with a good level of awareness on carbon.	 Partially meets best practice/ awareness, significant room to improve.
	Not best practice and/ or insufficient awareness of carbon impacts.	

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 GMCA 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

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		

1. INTRODUCTION/BACKGROUND

- 1.1 Sustainable Warmth Fund is a competition being launched to bring together two fuel poverty schemes (Local Authority Delivery Phase 3 and Home Upgrade Grant Phase 1) into a single funding opportunity for Local Authorities (LAs). The two schemes that make up the Sustainable Warmth competition have a shared goal to contribute to the aims set out in the Sustainable Warmth: protecting vulnerable households in England strategy.
- 1.2 The Government has committed to tackling fuel poverty and helping the most vulnerable by increasing the energy efficiency of homes, reducing the cost of bills, contributing to Net Zero targets and supporting low-income households in the transition to low-carbon heating. This competition will provide funding to support these objectives.
- 1.3 Through funding made available under the Sustainable Warmth competition, the Government aims to save households money, reduce fuel poverty, cut carbon and support the aims of the Prime Minister's 10 Point plan for a Green Industrial Revolution. Funding is available to upgrade homes both on and off-gas grid, and is comprised of:
 1. Local Authority Delivery (LAD) Phase 3: a third phase of LAD with £200m available. LAD3 has a refined scope to support low-income households heated by mains gas.
 2. Home Upgrade Grant (HUG) Phase 1: £150m for low-income households with homes off-gas grid through the Home Upgrade Grant (HUG) scheme.

- 1.4 Both schemes aim to support low-income households in England, living in energy inefficient homes, by installing energy efficiency and low carbon heating upgrades with a delivery timeframe of January 2022 to March 2023.
- 1.5 The funds aim to raise the energy efficiency of low-income and low EPC rated homes (those with Band 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 confirmed that EPC 'D' rated properties can also be included, up to and not exceeding 30% of any proposed programme.
- 1.6 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 cap of 10% for social landlords has been applied by BEIS, limiting the numbers of eligible social housing that may be considered.
- 1.7 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 have limited capacity. GMCA has a track record of bidding for and delivering with LAs, similar award-winning programmes, to achieve economies of scale.
- 1.8 Following successful bids by GMCA to the Green Homes Grant Local Authority Delivery (LAD) Scheme Phase 1a, 1b and 2, it is now proposed that GMCA bid for an additional cr£15m Government funding from the 'Sustainable Warmth Competition' from BEIS, on behalf of Greater Manchester Local Authorities and Registered Providers.

2.0 PROGRESS

- 2.1 The existing GM Green Homes Grant (LAD) programme is progressing well. As of June 30th, we had over 2300 leads generated, with circa 1000 confirmed as pre-qualified to proceed through to survey. This has in turn led to circa 700 retrofit assessments and over 250 technical surveys, with circa 120 measures completed to date.
- 2.2 All Green Homes Grant LAD Phase 1a activity is due to complete by August, with Phase 1b completing September and Phase 2 completing December 21.
- 2.3 This has been a challenging programme of retrofit activity with short delivery timeframes of 6 months per phase, during an unprecedented pandemic, with a range of market and consumer uncertainty. It is for these above reasons that we are unlikely to deliver our full allocations from the existing Green Homes Grant LAD funding.

2.4 However, we have built up a marketing presence, with associated supply chains from across the region and should make a considered application which utilises the longer 15 months delivery period to continue and maximize efforts from over the last 12 months.

2.5 If a submission was made to the 'Sustainable Warmth Competition' and if successful, the cr£15m programme will aim to deliver:

- 1200 additional fuel poor homes retrofit
- The installed measures will include, External wall insulation, Air Source Heat Pumps, Solar Thermal / Photovoltaic, doors and windows

2.6 There is a requirement to ensure all contractors recruited for the project have been procured through fair and open competition. It is proposed that Greater Manchester Combined Authority undertake a procurement (subject to funding) using an existing OJEU procured framework to secure a delivery partner capable of providing the required domestic retrofit activities.

3.0 OPPORTUNITIES/RISKS

3.1 The key risks include:

- 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.
- A further restriction in the form of a 30% cap on EPC D properties, presents a challenge for any submission.
- The requirement for social housing to be capped at 10% and private landlords to contribute 33% of cost will limit its appeal. The scheme is therefore most likely to appeal to fuel poor homeowners 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 additional capacity to support its delivery (by end December) 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 Sustainable Warmth Competition funding, it may hamper our credibility to win future funding, as BEIS are likely to favor programmes that have shown a track record of delivery and can provide continuity of delivery

3.2 The key opportunities include:

- Potential to bid for cr£15m additional Government Funding to support GM fuel poor residents and reduce carbon emissions
- Opportunity for Districts to collaborate with consequential efficiencies of scale
- Opportunity to link this retrofit delivery programme 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.
- The timescale for delivery has been increased when compared with the previous Green Homes Grant LAD schemes (6 - 15 months), allowing greater time to attract, survey and install suitable solutions for our residents.

- Feedback from the GM Retrofit Group confirmed the appetite from District officers for a GM consortium bid, as long as it were to be led by GMCA (i.e. no appetite or capacity for one LA to lead a bid on behalf of others).

4.0 FINANCIAL IMPLICATIONS

If the bid is successful:

- 4.1 Local Authorities may use up to 12% of grant funding to fund administrative, delivery and ancillary works.
- 4.2 This could be used to fund a central coordinating 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.

5.0 RECOMMENDATIONS:

The GMCA is requested to:

- 1. Agree GM Local Authorities should collectively bid for cr£15m of Sustainable Warmth Fund, to continue our existing Green Homes Grant funded retrofit programme timescale from December 2021 to March 23.**
- 2. Agree GMCA should be the accountable body for the bid on behalf of GM Local Authorities and Registered Providers.**
- 3. Subject to a successful award, delegate authority to the GMCA Treasurer and Monitoring Officer to contract with BEIS to receive and defray the funds to partners and procured delivery partner(s).**
- 4. Note that equalities impact from this proposal will be managed via utilising delivery companies with robust equality policies, and the environmental outcome is to substantially reduce the carbon emissions from approximately 1200 homes in Greater Manchester.**