

GREATER MANCHESTER COMBINED AUTHORITY

Date: 25 September 2020

Subject: Funding Bid - Green Homes Grant: Local Authority Delivery

Report of: Cllr Andrew Western, Green City Region Portfolio Lead &
Alison McKenzie Folan, Green City Region Chief Executive

PURPOSE OF REPORT

To outline proposals for a combined Greater Manchester bid of £4.7m Government funding from the 'Green Homes Grant: Local Authority Delivery' (GHG:LAD) Phase 1 fund, on behalf of Greater Manchester Local Authorities. Subject to the bid being successful, to seek delegated authority to CA Chief Executive and Treasurer in consultation with the Portfolio Lead, to accept the funding via signing a grant offer agreement in early October 2020 to permit the scheme to be initiated immediately.

RECOMMENDATIONS:

GMCA is requested to:

1. Note that a bid of £4.7m was submitted by GMCA to the Green Homes Grant: Local Authority Delivery fund in early September.
2. Agree that GMCA should be the accountable body for the bid on behalf of GM Local Authorities and
3. If the bid is successful, Delegate authority to Cex and Treasurer, in consultation with the Lead Portfolio Holder to:
 - sign an MOU/contract agreement with BEIS to receive grant funding of cr£4.7m for domestic energy efficiency retrofit programme; and
 - spend the awarded grant funds with EON and GM Registered Providers via an OJEU compliant framework and supply chains
4. Note that, if delivered as envisioned, the programme will save in the order of 36,000 tonnes carbon emissions over 20 years. The focus of the programme are those citizens on low income, living in energy inefficient homes. The programme will therefore support the alleviation of fuel poverty in over 500 properties in Greater Manchester. The outcomes of the programme will be measured and monitored monthly.

CONTACT OFFICERS:

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Equalities Implications

The focus of the programme are those citizens on low income, living in energy inefficient homes. The programme will therefore support the alleviation of fuel poverty in over 500 properties in Greater Manchester.

Climate Change Impact Assessment and Mitigation Measures

If delivered as envisioned, the programme will save in the order of 36,000 tonnes carbon emissions over 20 years.

Risk Management

See Para 3.1 Low risk – the programme is 100% funded by central government. Any underspend as a result of work not completed by the deadline will need to be returned to the funder.

Legal Considerations

If the bid is successful, GMCA will need to sign an MOU/contract agreement with BEIS to receive grant funding of cr£4.7m for this domestic energy efficiency retrofit programme

Financial Consequences – Revenue

See Para 4.1 – there are no revenue implications for GMCA of this report

Financial Consequences – Capital

See Para 4.2 - there are no capital implications for GMCA of this report

Number of attachments to the report: 0

BACKGROUND PAPERS

[Green Homes Grant: Local Authority Delivery scheme](#)

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	GM Green City Region Partnership review – Oct 20
NA	Tbc	

1.0 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. The first Phase runs from October 2020 to April 2021.
- 1.2 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 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 ensure 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. Given the very tight timescales for preparing the bid and subsequent delivery, initial discussions have been held with E.ON on them supporting a GM consortium bid on behalf of GM Authorities. The timescale for delivery mean that we would be unable to do so without the support of a delivery partner that was already secured.

2.0 PROPOSAL

- 2.1 Greater Manchester Combined Authority (GMCA) covers 10 Local Authority areas containing 1.2m residential homes (Census, 2011) with a population of approximately 2.8m (ONS, 2017). 62% are owner occupied with a significant proportion socially rented (21%). Throughout Greater Manchester, there are a total of 120k solid wall properties, of which 65% would benefit external wall insulation and 120k (total) properties off the gas grid and heated via inefficient fossil fuel or electric systems. Currently 228k properties have an EPC rating of E, F or G.
- 2.2 The programme will target 630 measures to a total of 517 properties in Phase 1. This will be targeted at those residents and properties in most need, who are eligible for the scheme and it is expected that there will be a specific spread across all GMCA areas as pilot area-based schemes under Phase 1. The overall breakdown includes:
- o Solid wall insulation = 345
 - o ASHP = 126
 - o Underfloor insulation = 23
 - o Room in roof insulation = 23
 - o Window replacements = 23
 - o Door replacements = 45
 - o Smart heating controls = 45
- 2.3 The partnership has considered the proposed property mix and eligibility criteria and applied a typical GMCA scheme marketing conversion rate for delivery based on historic data. Working from the required install volumes and measures. The initial proposal is to target the identified local areas, and once the project is live, additional detailed targeting will take place including other locations throughout Greater Manchester. This will not only provide delivery reassurance confirming that solutions are assisting those in most need, but it will also enable a platform for the delivery of Phase 2 of the LAD programme to be built.
- 2.4 A potential 287 'go early' properties have been identified by the Local Authorities (LA) and Registered Providers (RP) that meet the eligibility criteria, and these will be actively progressed following bid approval. Confirmation has been received from the Registered Housing Providers that they will contribute a minimum of 33% towards the funding.
- 2.5 A marketing plan will be developed by the partnership, prior to the bid approval, which will provide an immediate focus on sign-ups. Homes will include a range of different archetypes, construction types and heating fuels to deliver maximum benefit within fuel poor areas to fulfil the primary purpose of the LAD scheme. Eligible households will be identified by combining two proven data sets.
- 2.6 To ensure that all eligibility criteria have been met, GM Councils will adapt their existing LA Flex application process to verify that the gross annual household income is under £30,000. We will also take advantage of existing processes used to confirm eligibility for ECO funding. We will confirm ownership of the property through Land Registry checks and the current EPC rating through the Landmark Register.
- 2.7 All customer expressions of interest will be handled by E.ON's contact centre, with all information recorded and stored in E.ON's dedicated Customer Relationship Management system. All tenures

will benefit from insulation, low carbon heating measures, smart controls and behavioural change advice. Other measures identified will complement the core measures being installed.

2.8 E.ON will also provide ECO funding for separate measures. Within its area-based schemes, E.ON will also promote the broader GHG voucher scheme and ECO funded measures to other households to ensure we can reach as many people as possible.

3.0 OPPORTUNITIES/RISKS

3.1 The key risks include:

- The criteria for the scheme is quite restrictive (EPC rating E,F,G and income <£30k/a). EPC 'D' rated properties can now be considered by exception. Finding suitable candidate homes will be challenging.
- The timescale for delivery is also very short (6 months) and much of this being over the winter period during a pandemic; securing access to properties for internal work may also be challenging.

3.2 The key opportunities include:

- Potential to bid for £4.7m Government Funding to support GM fuel poor residents and reduce carbon emissions
- Feedback from the GM Retrofit Group is that there is appetite from District officers for a GM consortium bid.
- Utilisation of an existing procured supplier who has supported bid development
- Opportunity for Districts to collaborate with consequential efficiencies of scale
- Opportunity to link the wider 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.

4.0 FINANCIAL IMPLICATIONS

4.1 Local Authorities may use up to 15% of grant funding to fund administrative, delivery and ancillary works. 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.

4.2 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.

4.3 To deliver the programme successfully, we will need to recruit additional temporary resource (up to 1fte) to support its delivery although there would be an opportunity for secondments from Districts. This resource would be funded through the administrative element of the Grant funding.

5.0 RECOMMENDATIONS

5.1 GMCA is requested to:

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