

Greater Manchester Combined Authority

This Paper was approved by GMCA Committee at the September 2022 meeting

Date: September 2022

Subject: GM Social Housing Decarbonisation Fund (Wave 2)

Report of: Councillor Martyn Cox, Portfolio Lead for Green City Region and Harry Catherall, Portfolio Lead Chief Executive for Green City Region

Purpose of Report:

This paper provides background information on the forthcoming national £800m Social Housing Decarbonisation Fund and the opportunity this presents to all of the city-region's districts.

The purpose of the paper is to seek GMCA approval to make an application for ~£30m grant, via a single application to the fund, which will provide the opportunity for ~17 registered providers and/or districts with in-house social housing stock, to collaborate.

Recommendations:

The GMCA is requested to:

1. Note the forthcoming funding opportunity presented by the Social Housing Decarbonisation Fund (SHDF);
2. Note our current delivery of Social Housing Decarbonisation Fund through our initial award of £10m grant from SHDF (Wave 1);
3. Approve the proposed application approach, with GMCA acting as the accountable body for Social Housing Decarbonisation Fund (Wave 2);

BOLTON
BURY

MANCHESTER
OLDHAM

ROCHDALE
SALFORD

STOCKPORT
TAMESIDE

TRAFFORD
WIGAN





4. If successful, delegate authority to GMCA Treasurer and Solicitor, in consultation with the Lead Portfolio Holder to:
 - 4.1 Sign a Grant Funding agreement with BEIS to receive grant funding for a GM Social Housing Decarbonisation Fund Wave 2 retrofit programme; and
 - 4.2 expend the awarded grant funds by defrayed agreements via the funding partners i.e., ~17 Registered Providers and/or Local Authorities

Contact Officers:

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Equalities Impact, Carbon and Sustainability Assessment:

Impacts Questionnaire			
Impact Indicator	Result	Justification/Mitigation	
Equality and Inclusion	G	The funding if successful would support those who live in homes which are the worst energy performing The proposal will support those who are potentially greatest affected by the cost of living crisis and living in the regions worst energy performing homes	
Health	G	The increased efficiency of the residents home could support the reduction of fuel poverty Health and anxiety which can be attributed to fuel poverty, could be alleviated by the measures installed for residents who meet the funding criteria	
Resilience and Adaptation	G	Increased energy efficiency can lead to a reduction of hospital admissions as a result of fuel poverty The proposal seeks to reduce fuel poverty	
Housing	G	The proposal could reduce the energy costs or at the very least mitigate price rises for residents in our worst performing housing stock Properties benefiting from proposed measures could reduce the running costs of homes, or the very least mitigate the price increases being witnessed.	
Economy	G	The funding if awarded is proposed to be spent with suppliers from across the region, potentially supporting local jobs This funding may support and secure local jobs The funding is designed to retrofit our worst energy performing homes, leading to a sense of place if targeted via delivery	
Mobility and Connectivity			
Carbon, Nature and Environment	G	The removal of gas boilers and replaced with other forms of heating would reduce emissions from boilers	
Consumption and Production			
Contribution to achieving the GM Carbon Neutral 2038 target			
Further Assessment(s):	Equalities Impact Assessment and 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.

Carbon Assessment		
Overall Score		
Buildings	Result	Justification/Mitigation
New Build residential	N/A	
Residential building(s) renovation/maintenance		All properties supported will receive measures to enable them to exceed EPC C
New Build Commercial/Industrial	N/A	The funding will seek to increase all properties supported to EPC C or higher The funding will only permit new low carbon heating systems to be deployed
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:

This proposed submission has been informed by both national and local actors and/or polices. The submission, if successful will be subject to internal governance, in-line with the structures currently utilised for similar such programmes e.g., Public Sector Decarbonisation Scheme and or Social Housing Decarbonisation Scheme Wave 1.

Legal Considerations:

The contents of this submission will require entering in to binding legal contracts with the funder BEIS and back-to-back grant agreements with the benefiting partner organisations. As such, the paper highlights any risks and seek legal advice when appropriate prior to any form of contracting.

Financial Consequences – Revenue:

There are no financial consequences for GMCA revenue budgets, as fully funded provision will be provided within the application process.

Financial Consequences – Capital:

There are no current financial consequences for GMCA capital budgets, as all funded capital expenditure will be via defrayed funds to the partner organisations only.

Number of attachments to the report: 1

Comments/recommendations from Overview & Scrutiny Committee

N/A

Background Papers

N/A

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 exempt from call in by the relevant Scrutiny Committee on the grounds of urgency?

No

GM Transport Committee

N/A

Overview and Scrutiny Committee

24th August 2022

1. Introduction/Background

1.1 Climate Change is the biggest challenge we have ever faced; it needs action at all levels of society from global to the very local. The science is clear, we need to reduce our greenhouse gas emissions drastically and rapidly if we are to keep global temperatures within safe limits.

1.2 For Greater Manchester to achieve our target of carbon neutrality by 2038, we need to prioritise the decarbonisation of heat which, at 2.8mtCO_{2e} per annum, is one of our single biggest sources of carbon emissions.

1.3 By 2030, our headline objective is to have reached an average of 61,000 domestic properties being retrofitted per year, with the aim to reach an average of Energy Performance Certificate Rating C.

1.4 The Social Housing Decarbonisation Fund (SHDF) Wave 2 is a funding competition being launched by Government on August 30th 2022.

1.5 Registered providers of social housing (including private and local authority providers) can apply to Wave 2 of the Social Housing Decarbonisation Fund (SHDF) to support the installation of energy performance measures in social homes in England. Up to ~£800m million is available (This is to be confirmed at the point of the funding call being launched).

1.6 The SHDF will upgrade a significant amount of social housing stock to an Energy Performance Certificate (EPC) rating of C. Wave 2 projects will follow a 'worst first, fabric first, lowest regrets' approach to improving the energy performance of social housing by 31st March 2025. This will be a 2 year funded programme.

1.7 The fund will:

- deliver warm, energy-efficient homes
- reduce carbon emissions from treated properties
- tackle fuel poverty
- support green jobs
- develop the local retrofit sector

- improve the comfort, health, and well-being of social housing tenants

2. Current Social Housing Decarbonisation Fund Delivery

2.1. GMCA is currently managing the delivery of ~£19m (including £9m match) as part of the national Social Housing Decarbonisation Fund Wave 1.

2.2. The current programme brings together 10 Registered Providers including Arms-Length management Organisations (ALMOs) to deliver the retrofit and low carbon measures to ~1286 social homes, by March 2023.

2.3. All 1286 homes retrofitted will achieve an EPC C or greater upon completion of the works, with many homes receiving far more than the funding criteria demands.

2.4. The registered providers/ALMOs include:

- For Housing Group
- Six Town Housing Group
- Wythenshawe Community Housing
- Bolton at Housing
- Your Housing
- Moss Care St Vincent
- Stockport Housing
- Salix Homes
- Rochdale Borough Wide

2.5. The current programme has completed mobilisation phases and is now moving into delivery, with this commencing in the July.

3. Social Housing Decarbonisation Fund Wave 2 Proposal

3.1. GM Housing providers are working together, via the GM Housing Providers Group, to co-ordinate a submission of ~£60m, including the required match funding of ~£30m.

3.2. Co-ordination is being led by both GMCA and For Housing Group and currently includes seventeen Registered Providers and/or Districts with inhouse social housing stock, providing city-region wide representation.

- 3.3. The Membership and funding ask within the final submission may vary as we continue to encourage wider participation and review the supporting data.
- 3.4. If successful, the programme would require works to commence from April 2023, with installs to be completed by March 2025.
- 3.5. GMCA would act as the accountable and reporting body to the funder (BEIS) which, in practice, would operate in a similar fashion to the current Social Housing Decarbonisation Fund and Green Homes Grant Local Authority Delivery social housing element.
- 3.6. The GMCA would contract with BEIS and then, via back-to-back agreements, contract with the respective housing providers. All delivery and procurement would be contracted by the housing providers and, where possible, standardization of technology will be agreed to create efficiencies.

4. Opportunities/risks

4.1. The key opportunities include:

- Potential to mitigate the cost-of-living crisis being felt by some of our most fuel poor residents;
- Potential to bid for ~£30m grant funding with a ~£60m project value including to increase ~3000 social housing homes efficiency to a minimum EPC C, supporting GM fuel poor residents and reduce carbon emissions;
- Opportunity for GM Housing Providers 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; and
- The timescale for delivery has been increased when compared with the previous Social Housing Decarbonisation Fund Wave 1 (12 – 24 months).

4.2. The key risks include:

- Insufficient capacity to deliver both internally and externally, in the form of officers and or supply chain;
- The criterion for the scheme is less restrictive than the previous funding regimes e.g., Green Homes Grant LAD, but still seeks properties to meet an EPC rating of C;
- A further restriction is in the form of a target 90kW per sqm for heating which, in practical terms, requires greater intervention by the housing provider;
- If GM does not bid for Social Housing Decarbonisation funding, it may hamper our credibility to win future funding, as BEIS are likely to favour programmes that have shown a track record of delivery and can provide continuity of delivery.

5. Financial Implications

If the bid was successful:

- 5.1. GMCA and GM Housing Providers may use up to 15% of grant funding to fund administrative, delivery and ancillary works. A top slice will be administered by GMCA to ensure programme management and coordination is sufficiently funded.
- 5.2. This could be used to fund a central coordinating function, local resident and supply chain engagement and quality assurance. There is no financial requirement on Districts, although District Officers will need to work with the central coordinating team to ensure delivery is efficient e.g., liaison with planning officer.

6. Recommendations

The GMCA is requested to:

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