



Report sponsor: Rachel North, Strategic  
Director of Communities and Place  
Report author: Henry Cipcer, Housing Renewal  
Manager

## **Green Homes Grant – Authority to bid for funding.**

### **Purpose**

- 1.1 In July 2020, the Chancellor announced £2 billion of support through the Green Homes Grant (GHG) to save households money, cut carbon emissions and create green jobs through improvements to energy efficiency in homes. £500 million has been specifically allocated for local authority delivery of the programme over 18 months through the Green Homes Grant: Local Authority Delivery (LAD) initiative.
- 1.3 A joint bid between the Council and Derby Homes has been developed to predominantly focus on Wimpey No Fines (WNF) properties of concrete construction for the installation of external solid wall insulation, which have very poor heat retention characteristics and are both Council and privately owned.
- 1.4 Authority is sought for the submission of a joint bid which would be made for a total of £1.1M of capital grant, with £480,000 for the Council owned properties to be managed by Derby Homes and £620,000 for private sector properties.

### **Recommendation(s)**

- 2.1 To approve submission of the joint bid for LAD funding to the Department for Business, Energy and Industrial Strategy (BEIS) for capital funding of £1.1M for the 2020/21 financial year.
- 2.2 If the bid is successful, to delegate approval to the Strategic Director of Communities and Place and the Acting Director of Financial Services in consultation with the Cabinet Member for Adults, Health & Housing:
  - To enter into any Grant Agreement/Grant Determination Notice/MOU with the BEIS for LAD Funding, to enter into any collaboration agreement or other similar agreement with Derby Homes for the funding and to enter into any third party agreement necessary to carry out the proposed project;
  - to accept any resultant LAD grant award and for it to be added to the capital programme, and reallocate the £300,000 match funding from the currently approved HRA capital budget.

### **Reason(s)**

- 3.1 The grant funding will enable the tenants and homeowners of approximately 143 properties in both Council and private sector ownership to benefit from significant energy cost savings through the installation of external solid wall insulation to improve heat retention, which is particularly poor in for this type of construction.
- 3.2 The insulation measures will reduce lifetime tonnes of carbon emissions by an average of 30 tonnes per property treated.
- 3.3 In line with the Council's Finance Procedures Rules, cabinet approval is required prior to submitting a bid for external funding and for accepting a bid for external funding.

## **Supporting information**

- 4.1 Some 11.6% of households in Derby are living in Fuel Poverty against a national average of 10.6%.
- 4.2 In July 2020, the Chancellor announced £2 billion of support through the Green Homes Grant (GHG) to save households money, cut carbon emissions and create green jobs through improvements to energy efficiency in homes. £500 million has been specifically allocated for local authority delivery of the programme over 18 months through the Green Homes Grant: Local Authority Delivery (LAD) initiative.
- 4.3 The funding for LAD was initially split into 2 parts (Phases 1 and 2). Phase 1 was undersubscribed and therefore BEIS has made the £124 million balance of the original £200 million, available in a supplementary bid process (Phase 1b). A further £300 million is planned to be allocated through Local Energy Hubs in 2020/21 for regional delivery by March 2022.
- 4.4 The LAD programme for 2020/21 is targeted towards improvement of the energy efficiency of low-income households with Energy Performance Rating of D, E, F and G and income of less than £30,000 per household. Bids opened on the 23 October 2020 and close on 4 December 2020. Projects carried out under Phase 1b should be completed by 30 September 2021.
- 4.5 The bid process also identifies the need to support economic resilience, green recovery and clean growth in response to the economic impacts of Covid-19 by the creation and retention of jobs.
- 4.6 A joint bid between the Council and Derby Homes has been developed to predominantly, but not exclusively, target Wimpey No Fines (WNF) properties of concrete construction for the installation of external solid wall insulation, which have very poor heat retention characteristics
- 4.7 The bid will also target approximately 50 private sector properties and leasehold flats which also have poor heat retention characteristics.
- 4.8 The maximum amount of grant for homes in the socially rented sector is £5,000 with a minimum contribution to the works of 33%. A maximum of £10,000 is available for owner-occupied homes, which should cover the full cost of works.

- 4.9 WNF construction has very poor heat retention characteristics and will generally fall into the lower EPC bands of E, F and G. There are several hundred WNF properties in the private sector, the majority following Right to Buy sales, most of which can be assumed to be untreated in terms of external or internal wall insulation.
- 4.10 Derby Homes have a current contract with a suitable contractor for this type of work in place. The contractor has stated that their programme to deliver these works would support the creation of 5 new apprentice positions in the construction sector and assist with the retention of 67 jobs.
- 4.11 It will be necessary to procure a suitable contractor for the delivery of the project. There are suitable lots on the EEM framework for work of this type which the Council could utilise, which shall ensure compliance with the Contract Procedure Rules and Public Contract Regulations.
- 4.12 The LAD programme enables Derby Homes to significantly bring forward the improvement of the majority of the remaining WNF properties with a major funding contribution from LAD of £480,000 on total costs estimated to be approximately £800,000.

### **Public/stakeholder engagement**

- 5.1 Due to the very short timescale available to prepare and submit a bid, there has not been an opportunity for public or stakeholder engagement.

### **Other options**

- 6.1 The Council could choose not to submit a bid under the LAD programme in 2020/21. This would impact low income tenants and homeowners who would benefit from lower energy costs and also increase the costs to the HRA when the Council properties are programmed for improvement.

### **Financial and value for money issues**

- 7.1 The financial impact for the Council owned flats and houses will be met through HRA Capital programme. This is estimated to be approximately £300,000 over and above the amount bid for through LAD. The privately owned properties will not require any additional General Fund contribution as the maximum grant per property will be sufficient to meet the full cost of the works.

7.2 A financial summary of the bid is as follows:

Expenditure Type	Bid amount			
	Council Owned		Private Sector	
Capital costs of the EWI works	Flats - £345,000	Houses - £85,000	Leasehold Flats - £70,000	Houses £500,000
Administration costs	£50,000		£50,000	
Sub total	£480,000		£620,000	
BID TOTAL	£1,100,000			

### Legal implications

- 8.1 Other than noting that the bid addresses the application criteria, there are no other legal implications arising from the report.
- 8.2 Procurement of appropriate contractor will be necessary to carry out the project, this may be via existing Framework Agreement so compliant with Contract Procedure Rules and Public Contract Regulations

### Climate implications

- 9.1 The bid proposal would benefit approximately 143 homes. The insulation measures will reduce lifetime tonnes of carbon emissions by an average of 30 tonnes per property treated.

### Other significant implications

- 10.1 N/A

### This report has been approved by the following people:

Role	Name	Date of sign-off
<b>Legal</b>	Sophia Brown, Principle Lawyer	9/11/2020
	Amanda Fletcher – Head of Finance, Communities and Place. Mazer Hussain, Group Accountant, Communities and Place	10/11/2020
<b>Service Director(s)</b>	Gerry Dawson Interim Director of City Development and Growth	9/11/2020
<b>Report sponsor</b>	Rachel North, Strategic Director of Communities and Place	
<b>Other(s)</b>	Ian Fullagar, Head of Strategic Housing	9/11/2020

<b>Background papers:</b>	None
<b>List of appendices:</b>	None