



Report sponsor: Rachel North, Strategic
Director of Communities and Place
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Manager

Green Homes Grant – Authority to Receive 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.
- 1.2 A successful bid by the Council was submitted for £900,000 to provide external solid wall insulation for predominantly Wimpey No Fines (WNF) properties of concrete construction which are both Council and privately owned.
- 1.3 Subsequently, the department for Business, Energy and Industrial Strategy (BEIS) through appropriate regional agencies, has provisionally allocated further LAD funding to a large number of Local Authorities. Derby has received a provisional award of £1,591,400 through the Midlands Energy Hub (MEH), subject to MEH's acceptance of The Council's detailed proposals.
- 1.4 This report seeks to delegate authority to Officers to confirm acceptance of this additional grant funding in principle, submit a detailed proposal to the MEH by 24 May 2021 and if this proposal is approved, to subsequently accept the grant subject to acceptable grant conditions and deliver the proposed works.

Recommendation(s)

- 2.1 To delegate approval to accept LAD funding of £1,591,400 from the Department of Business, Energy and Industrial Strategy (BEIS) and administered by Midlands Energy Hub, subject to acceptable grant conditions, to the Strategic Director of Communities and Place and the Strategic Director of Corporate Resources following consultation with the Cabinet Member for Adults, Health and Housing.
- 2.2 Following acceptance of the funding, to authorise the submission of a detailed proposal to the Midlands Energy Hub.
- 2.3 If the proposal to the Midlands Energy Hub is accepted, to delegate to the Strategic Director of Communities and Place and the Director of Financial Services in consultation with the Cabinet Member for Adults, Health and Housing, the exercise of the authorisations set out in paragraphs 2.1 - 2.2 and to:

- enter into any Grant Agreement/Grant Determination Notice/MOU with the BEIS and Midlands Energy Hub, 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;
- accept any resultant LAD grant award and for it to be added to the capital programme and to reallocate the necessary match funding already contained within the currently approved HRA capital budget.

Reason(s)

- 3.1 The grant funding will enable tenants and homeowners in both Council and private sector ownership to benefit from significant energy cost savings through the installation of external solid wall and other insulation measures to improve heat retention.
- 3.2 The insulation measures will reduce lifetime tonnes of carbon emissions by an average of 20 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 made the £124 million balance of the original £200 million, available in a supplementary bid process (Phase 1b). A further £300 million is to be allocated through LAD 2 via Local Energy Hubs in 2021 for regional delivery by December 2021.
- 4.4 In accordance with this, the department for Business, Energy and Industrial Strategy (BEIS) through appropriate regional agencies, has provisionally allocated further LAD funding to a large number of Local Authorities. Derby has received a provisional award of £1.591,400 through the Midlands Energy Hub (MEH), subject to MEH's acceptance of detailed proposals to be submitted by the Council.

- 4.5 In order to receive this LAD 2 grant funding, the Council is required to now formally accept the funding in principle and to then submit a detailed delivery proposal to (MEH) by 24 May 2021.
- 4.6 The LAD 2 programme for 2021 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.
- 4.7 LAD 2 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.
- 4.8 The joint proposal being developed between the Council and Derby Homes will target low income households in fuel poverty where properties have a low efficiency rating.
- 4.9 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.
- 4.10 The proposal will primarily target uninsulated or solid wall properties that have very poor heat retention characteristics and will generally fall into the lower EPC bands of E, F and G.
- 4.11 The Council will be seeking to appoint a Contractor for the external wall insulation works through a direct award through the EEM Framework with a highly competent and experienced contractor.
- 4.12 The Housing Revenue Account element of the LAD 2 programme will enable Derby Homes to significantly bring forward the improvement of solid wall constructed properties including those of a non-traditional design.

Public/stakeholder engagement

- 5.1 Due to the very short timescale available to submit detailed proposals and accept the grant funding, there has not been an opportunity for public or stakeholder engagement.

Other options

- 6.1 The Council could choose not to accept the monies or submit a detailed submission to the MEH under the LAD 2 programme in 2021. This would impact low income tenants and homeowners who would otherwise benefit from lower energy costs and it would also increase the costs to the HRA when the Council properties are programmed for improvement.

Financial and value for money issues

- 7.1 The match funding impact for the Council owned flats and houses will be met through the approved HRA Capital programme. 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.

Legal implications

- 8.1 Other than noting that the proposal will address 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 proposal would benefit poorly insulated homes in both the private and public sectors. The insulation measures will reduce lifetime tonnes of carbon emissions by an average of 20 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 |
|---------------------|--|------------------|
| Legal | Olu Idowu, Head of Legal | 23 April 2021 |
| Finance | Amanda Fletcher – Head of Finance, Communities and Place. | 23 April 2021 |
| Service Director(s) | David Fletcher, Director of City Development and Growth | |
| Report sponsor | Rachel North, Strategic Director of Communities and Place | |
| Other(s) | Ian Fullagar, Head of Strategic Housing | 22/04/2021 |
| | Andy Hills, Environment and Business Energy Efficiency Group Manager | 23/04/2021 |

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| Background papers: | None |
| List of appendices: | None |