

Report to the Council Leader

Subject: Gedling Green Homes Scheme

Date: 28th April 2021

Author: Food, Health and Housing Manager

Wards Affected

Primarily Netherfield, with potential for the scheme to move to Kilisick, Newstead Village and Colwick if there is insufficient take up in Netherfield.

Purpose

- 1) To seek approval in accordance with the Council's Financial Regulations for an addition to the capital budget for the Green Homes project of £64,800, which is fully Grant funded, resulting in a revised project total of £784,800.
- 2) To seek approval of the Council's intended approach to delivering the grant, 'the Gedling Green Homes Scheme' at Appendix A.
- 3) To seek delegated authority for the Head of Environment to submit a scheme proposal for approval to the Midlands Energy Hub (MEH) setting out how the Council will deliver the grant as set out in this report.
- 4) To seek delegated authority for the Head of Environment, in consultation with the Portfolio Holder for Public Protection, to make changes to the scheme proposal and 'the Gedling Green Homes Scheme' based on MEH feedback.

Key Decision

This is a key decision because it is possible it will result in the Council incurring expenditure in excess of £500,000.

Recommendation(s)

THAT the Leader of the Council:

- 1) Approve by virement the establishment of an addition to the Green Home Grant capital programme budget of £64,800, which is fully

grant funded from the Midlands Energy Hub.

- 2) Approves the 'Approach to delivering the Gedling Green Homes Scheme' detailed at Appendix A to this report which sets out how the Council will administrate the Green Homes Grant Local Authority Delivery (Phase 2).
- 3) Delegates authority to the Head of Environment to submit a full proposal to Midlands Energy Hub (MEH) for approval detailing how the Council will administer the grant funding as set out in this report.
- 4) Delegates authority to the Head of Environment, in consultation with the Portfolio Holder for Public Protection, to make changes to the proposed scheme and 'Approach to delivering the Gedling Green Homes Scheme' if required following MEH feedback.

1 Background

1.1 On 8th July 2020 the Government announced the £2billion Green Homes Grant retrofit funding. The funding was separated into two parts:

- a) Green Homes Grant voucher scheme (£1.5billion) for homeowners, private landlords and social landlords who can apply for grants of up to £5,000 to cover two thirds of the cost of qualifying energy efficiency improvements to their home. Those households on low incomes and in receipt of qualifying benefits can apply for a voucher for up to £10,000 to cover 100% of the cost of the works.
- b) Green Homes Grant Local Authority Delivery (LAD) element (£500million) which is distributed in phases to local authorities upon successful application. The funding is distributed to local authorities for the purpose of installing eligible energy efficiency measures to low EPC rated homes for households with low incomes with the aim of saving householder's money, cutting carbon emissions and creating green jobs.

1.2 The Government closed the voucher scheme for new applicants on 31st March 2021. However the LAD element of the funding continues to operate. Phase 2 of the LAD funding is distributed

locally via the Midlands Energy Hub (MEH) established by Nottingham City Council who successfully accessed £59.5million for the midlands region, of which £12million is to be allocated to D2/N2.

- 1.3 In March 2021 Gedling Borough Council were awarded from the D2/N2 allocation £720,000 capital grant funding and a further £64,800 capitalisation towards revenue costs associated with the scheme. The funding can be used to commission eligible energy efficiency measures compatible with the Standard Assessment Procedure (SAP) that will help improve the Energy Performance Certificate band of D, E, F or G rated homes. This includes, but is not limited to measures such as wall, loft and underfloor insulation, as well as low carbon technologies and solar photovoltaics. Funding, whilst available to owner-occupiers and both social and private landlords, is targeted to households which are most likely to be in fuel poverty and which would benefit most from energy efficiency measures. The grant is limited to an average cost of £10,000 per property for owner-occupier households and £5,000 per property for private and social landlords (with the landlord providing 33% contribution towards to the improvements).
- 1.4 This grant funding must be fully utilised by 31st December 2021 with 50% of proposed delivery by 30th September 2021. These project deadlines set an ambitious target for the delivery.
- 1.5 It is a condition of the funding that the Council submits written scheme proposal to MEH for approval by either the 30th April or 24th May 2021. The proposal essentially sets out the Council's proposed delivery plan and must be approved by MEH before the scheme can commence. Approval at the earlier submission date will allow the Council to commence implementation of the grant earlier increasing the likelihood of meeting the delivery deadlines in paragraph 1.4.
- 1.6 Appendix A outlines the approach the Council intends to take to deliver the scheme, including the aims and objectives and the scheme eligibility criteria. It is proposed that the funding is targeted towards the installation of external wall insulation (EWI) or solar photovoltaic (PV) roof panels as these measures have the greatest carbon emission savings and contribution to SAP scores, in addition to being measures that are less disruptive to householders during installation as most of the works are to the outside of the homes.

Subject to approval by MEH, the Council intends to appoint EON as the main contractor to install the energy efficiency measures funded by this grant. Following discussions with EON, there are sufficient funds to install approximately 55 solar PV and 40 external wall insulation installations. The Netherfield ward has been selected to target the scheme as there are over 1,000 solid wall properties in the ward, a high proportion of low income households and low EPC properties. The combination of eligible homes and residents provide a greater likelihood of successful delivery of the project within the very short timescales.

Currently the Council does not have in-house resource to project manage the scheme. EON are able to deliver a fully managed service that will be funded by the Government grant distributed via MEH. EON have the relevant experience and supply chain to deliver the project of this scale and can bring in additional benefits such as ECO funding and first time gas central heating where applicable. EON will ensure the necessary performance data is collated for return to MEH to meet conditions of the funding.

Jigsaw Homes have supported the Council in developing its proposal for use of this funding, including providing details of its housing stock that may be eligible for measures through the scheme. Whilst initial discussions were held with Jigsaw Homes to explore whether a scheme could be delivered in partnership with the Council, Jigsaw Homes reported similar resource challenges to the Council in terms of a lack in house project management and certified specialist installer capacity to deliver the project within the short timescales. Jigsaw Homes continue to be supportive of the Council's approach and have identified approximately 15 properties which may be eligible to benefit from the funding if the Council's proposed scheme is approved, which they will be open to apply for along with other eligible social landlords, private landlords and owner-occupiers.

1.7

MEH have procured customer journey support services from Nottinghamshire Energy Partnership (NEP) to support Local Authorities on the Nottinghamshire region. NEP will market the scheme to generate leads, receive householder enquiries and assess the eligibility of applicants. NEP will also ensure pre-installation EPC assessments are completed (as required by conditions of the grant funding) and refer eligible applicants to EON to carry out technical surveys and installations as appropriate. NEP will continue to liaise with customer during their journey with the project and flag up any issues with EON or the Council. EON and NEP currently work together in

Nottinghamshire in a similar partnership arrangement with Local Authorities via the Nottinghamshire Warm Homes hub to deliver first time gas central heating.

2 Proposal

- 2.1 It is proposed that a capital budget of £64,800 to be fully funded by the grant be established by virement, an addition to the current approved capital budget of £720,000 giving a total capital budget of £784,800 for the Gedling Green Homes Scheme, to enable the Council to administer the grant funding it has successfully obtained to improve the energy rating of properties in the borough.
- 2.2 To enable the Council to administer the grant funding, it is further proposed that the Leader of the Council approves the proposed 'Approach to delivering the Gedling Green Homes Scheme' attached at Appendix A which sets out out how the Council will deliver the scheme and eligibility criteria (including the prioritisation of delivery in the Netherfield ward) as set out above.
- 2.3 The Council must, as part of conditions of the funding, submit a full scheme proposal to MEH for their approval. The written proposal must set out how the Council's scheme fits with the aims of the funding, provide delivery assurances and demonstrate value for money in terms of impact and proposed benefits to housing stock. It is proposed that authority is delegated to the Head of Environment to submit the proposal form based on the contents of this report and the 'Approach to delivering the Gedling Green Homes Scheme' if approved.
- 2.4 Changes may need to be made to the Council's written proposal to MEH and the 'Approach to delivering the Gedling Green Homes Scheme' following feedback on the Council's proposal from MEH. It is therefore proposed that the Head of Environment, in consultation with the Portfolio Holder for Public Protection, be authorised to make such changes to the proposal and / or 'Approach to delivering the Gedling Green Homes Scheme' as necessary to obtain approval from MEH.

3 Alternative Options

- 3.1 To not adopt a scheme for delivery. This has been disregarded as it would be a missed opportunity to contribute to number of corporate priorities which deliver benefits to the community. The

scheme aims to support households in fuel poverty, contribute to reducing carbon emissions and create green jobs.

3.2 To target the scheme to an alternative area of the borough. The Netherfield ward has the highest concentration of eligible households and eligible properties. The existing selective licensing scheme and dedicated localities co-ordinator and steering group can increase resident and landlord engagement. Other areas were considered to have a less of a chance of successful delivery in the very short project timescales set by the funders. It is therefore proposed that in the first instance the scheme is applied in the Netherfield ward. If however take up is not sufficient or the Council is awarded additional funding from the D2/N2 allocation, the scheme will be extended to the Kilsick, Newstead Village and Colwick ward where available data suggests there may be eligible households of properties which could benefit from the funding. This targeted phased approach is consistent with the MEH guidance to local authorities and would increase the chance of successful delivery and likelihood of attracting further funding for more households in the borough in the future.

3.3 To introduce a borough wide scheme. The option was discounted because there is insufficient funding to deliver a scheme in this way as contractors are likely to require a local compound and will offer economies of scale when installing measures in the same vicinity and property archetypes. Administering a scheme over a larger area would present a number of operational challenges in the very short timescale available and would reduce the chance of successful delivery. The Local Authority guidance on this phase of the funding encourages a targeted approach as opposed to the voucher scheme that was available to all up until the scheme closed. Residents in other wards within the borough can access alternative funding such as Energy Company Obligation (ECO) funding, for significant contributions towards energy efficiency measures such as loft and cavity wall insulation and replacement defective heating. Officers intend to submit a report for approval by the Portfolio Holder for Public Protection to update the Council's flexible eligibility criteria for the ECO grant funding. It will be proposed that the household income threshold is increased to £30,000 in line with the eligibility under the grant. This change will widen the scope of ECO eligibility and will be accessible anywhere in the borough. As a result lower income households with high heating costs who are unable to access the

Green Homes scheme will have opportunity to access ECO funding.

4 Financial Implications

- 4.1 On 4th March Council approved a capital budget of £720,000 for the Green Homes project based on an initial grant allocation. On 16th March 2021 a further £64,800 capitalisation top up was awarded to support the delivery of the scheme, resulting in a revised Capital Budget of £784,800.
- 4.2 The proposed scheme will be fully funded by Government Grant distributed by the MEH. Up to £784,800 will be available subject to the funding terms and conditions and delivery outcomes.
- 4.3 Scheduled payments will be received quarterly in-line with the project funding proposal and delivery plan. The MEH will monitor the performance of the project on a monthly basis, if outcomes are lower than those set out the delivery plan the MEH may review and amend the payment schedules accordingly.
- 4.4 Underperforming delivery plans may be subject to grant reductions and funds re-directed to those who are delivering successfully. However, currently it is anticipated that there are sufficient properties to enable delivery against the proposed plan.
- 4.5 As the MEH are keen to redistribute funding from underperforming areas to those who are delivery successfully. Subject to agreement with EON the Council proposal intends to identify possible additional measures that could be delivered if additional funds were made available. Jigsaw Homes have identified eligible homes in their stock and match funding that could enable further delivery if this opportunity arose. Any increase in funding will increase the current approved capital budget which will be presented for approval in line with Financial Regulations.
- 4.6 The Council will contract directly with EON to deliver installations to eligible households, payment will be made to EON in arrears upon receipt of a valid invoice and subject to EON providing satisfactory scheme performance data to MEH and Government Department BEIS. The contract with EON will ensure the Council's interests are protected in order to minimise any risks to the Council associated with the scheme. EON will need to ensure the eligible installations are fully completed within the

funding deadlines to ensure their costs can be recovered from the scheme.

- 4.7 A small proportion of the capitalisation element of the grant funding will cover the internal costs incurred by the Council to deliver the scheme. Some ongoing project support will be provided by the Food, Health and Housing Team using the existing resources and subject to SLT approval utilising the new proposed Climate Change Officer.

5 Legal Implications

- 5.1 The Green Homes Grant, Local Authority Delivery Phase 2 is part of a Government capital funding scheme distribution by way of Section 31 of the Local Government Act 2003. The grant must therefore be used in line with Section 11 of the Local Government Act 2003, and any regulations or subsidiary legislation, and in accordance with the conditions of the grant. This includes a requirement for the funds to be expended by 31st December 2021.
- 5.2 In administering the grant, the Council must ensure that all subsidy (formerly state aid) requirements are complied with, including obligations set out in the Trade and Cooperation Agreement (TCA). Whilst a grant to a private or social landlord could potentially be a subsidy for these purposes, individual grants are limited on average to £5,000, per property. The grant is also available to all private and social landlords with eligible properties in the Netherfield ward where their tenant meets the eligibility income criteria. It is therefore not considered that the grant would cause, or could cause, a distortion of competition between the UK and the EU. On this basis potential grants to private or social landlords (economic operators) under this scheme would not be prohibited under the subsidy control rules. Whilst Jigsaw Homes have indicated that they will have eligible properties within the area and are interested in applying for the grant to improve the energy performance of those properties, other social landlords and private landlords will also be applying for the grant funding.
- 5.3 Subject to MEH approval, the Council intends to appoint EON as the main contractor to install the energy efficiency measures funded by this grant. The Council must ensure that the services of EON are procured in accordance with procurement rules and the Council's Contract Standing Orders. The contract with EON will be on market terms.

6 Equalities Implications

- 6.1 It is not anticipated the scheme will have any negative equalities impacts. Implementation of the scheme may have positive equalities implications as persons with protective characteristics may be on low incomes and live in low EPC rated homes (D to G) and therefore can benefit from the funding. The attached equalities impact assessment in Appendix B, provides more detailed information of the assessment and impacts.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 The scheme proposal seeks to prioritise external wall insulation for solid wall homes and solar PV renewable electricity generating roof panels for eligible homes. The scheme will aim to improve up to 95 homes subject to the scheme criteria and deadlines. As a result of these installations it is anticipated to improve home insulation and thereby reduce heat loss and associated carbon emissions from heating homes. Additionally the installation of renewable electricity generation will reduce carbon emissions associated with electricity from the national grid.

8 Appendices

- 8.1 Appendix A – The Council’s approach to the Gedling Green Scheme
- 8.2 Appendix B – Equalities Impact Assessment

9 Background Papers

- 9.1 Midlands Energy Hub funding guidance
- 9.2 Energy Company Obligation 3, Flexible Eligibility Statement of Intent

10 Reasons for Recommendations

- 10.1 The project aims to contribute towards the following outcomes:
- Tackle fuel poverty by reducing energy bills for low-income households by improving the energy efficiency of their home.
 - Corporate priority, *‘promoting strong, resilient communities and reduce hardship and inequality’*.
 - Deliver cost effective carbon savings to carbon budgets and progress towards the UK’s target for net zero by 2050.

- Corporate priority, *'to promote a sustainable environment.'*
- The phasing out of the installation of high-carbon fossil fuel heating and reducing emissions and improving air quality.
 - Corporate priority, *'to promote a sustainable environment.'*
- Support economic resilience and a green recovery in response to the economic impacts of Covid-19, creating thousands of jobs nationwide.
 - Corporate priority, *'to promote and drive sustainable growth across the borough to meet current and future needs'*
- Utilise the role of Local Energy Hubs to build Local Authority capacity and supply chains to deliver energy efficiency at scale.
 - Corporate priority, *to be a high performing, efficient and effective council*

Statutory Officer approval

Approved by:

Date:

26 April 2021

Chief Financial Officer

Approved by:

Date:

26 April 2021

Monitoring Officer