

Report of the Sustainable Energy and Air Quality Team

Report to the Director of Resources and Housing

Date: 14/09/2020

Subject: Green Homes Grant Local Authority Delivery Round 1

Are specific electoral wards affected?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If yes, name(s) of ward(s): Middleton Park, Otley and Yeadon, Killingbeck & Seacroft, Crossgates & Whinmoor.	
Has consultation been carried out?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Will the decision be open for call-in?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
If relevant, access to information procedure rule number:	
Appendix number:	

Summary

1. Main issues

- Leeds City Council has successfully bid for £2,971,095 of Green Homes Grant Local Authority Delivery funding to undertake a programme of domestic energy efficiency works across Leeds between October 2020 and March 2021.
- The programme includes a range of energy efficiency measures that will improve 285 private and 100 council homes in Leeds, saving approximately 518 tonnes of CO₂ emissions and £141,770 from resident's fuel bills per year.

2. Best Council Plan implications (see the [latest version of the Best Council Plan](#))

- The project will improve the city's housing stock by increasing energy performance and reducing fuel poverty.
- The project will help to reduce health inequalities by preventing the circumstances that can lead to cold related ill health.
- The project will contribute to the outcome of everyone living in good quality, affordable homes.

3. Resource implications

- The overall cost of the programme is £3,552,090, with the majority (£2,971,095) provided by the BEIS external grant. Of the remaining £580,995 of match funding:
 - a. £160,000 has already been committed from the HRA and £176,800 from Warm Homes funding to the Air Source Heat Pump scheme.
 - b. The remaining £244,195.4 of HRA funding
- For every £1 of LCC funding spent under the project, a further £7.35 of new grant funding will be brought into the city.

Recommendations

The Director of Resources and Housing is requested to :-

- a) Approve Leeds City council entering into a grant agreement with the Department for Business, Energy and Industrial Strategy to draw down and spend the £2,971,095 Green Homes Grant Local Authority Delivery funding on energy efficiency improvements to housing in the Leeds area.
- b) Authorise total expenditure of £3,552,090 (inclusive of £336,800 already allocated to the Air Source Heat Pump project) split between:
 - a. The installation of energy efficiency improvements in council owned homes (£1,080,995.40 inclusive of the £336,800 previously allocated) within our Housing Leeds refurbishment programme
 - b. Energy efficiency improvements in private sector homes (£2,354,894) within our Energy Efficiency Programme in the general fund
 - c. Administrative and marketing costs for the private sector scheme (£116,200) within the Sustainable Energy and Air Quality Team budget.
- c) Approve placing an order with Engie through the existing Better Homes Yorkshire framework for this work.

1. Purpose of this report

- 1.1 To enable Leeds City Council to draw down on £2,971,095 of grant funding for the purpose of installing energy efficiency improvements in domestic homes in Leeds.

2. Background information

- 2.1 In July 2020, the Department for Business, Energy and Industrial Strategy (BEIS) announced a £2 billion Green Homes Grant with the aim of helping home owners and landlords to make their homes more energy efficient.
- 2.2 Of this, £200m has been set aside to fund projects delivered by local authorities between October 2020 and March 2021.
- 2.3 Leeds City Council submitted a bid for £2,971,095 to BEIS to undertake energy efficiency improvements in domestic homes in Leeds and was successful.

3. Main issues

- 3.1 The proposed programme had to be designed around the following criteria:

- 3.1.1 The project had to target low income households (defined as a household with an income of £30k or less, or in receipt of income related benefits).
- 3.1.2 The scheme had to target energy inefficient properties (defined as a household with an energy efficiency rating of E-G).
- 3.1.3 For owner occupied homes, the average cost of measures per property could not exceed £10,000.
- 3.1.4 For both social and privately rented properties, the grant per household could not exceed £5,000 per property with the landlord paying a contribution of at least 33% of the overall cost.
- 3.2 A wide range of energy efficiency measures were allowed through the scheme, however carbon based heating measures (e.g. gas heating) were excluded.
- 3.3 Leeds City Council had to design a work programme based on the following objectives:
 - 3.3.1 An optimum mix of measures based on cost, to obtain the maximum benefit from the £10k average spend for owner occupied households.
 - 3.3.2 Areas with a high proportion of owner occupied households to take advantage of the full £10k average cost per property.
 - 3.3.3 Areas with a high proportion of lower income households and E-G rated properties, to maximise the number of households potentially eligible for the scheme.
 - 3.3.4 Areas with some eligible council homes in order to use these as catalysts for the private sector.
- 3.4 The resultant programme contains the following work streams:
 - 3.4.1 External wall insulation on 180 system built properties in the following three areas:
 - 3.4.1.1 50 private and 10 council homes in the Bodmins area of Middleton, a large mixed tenure estate of Laing Easyform construction homes with external rendering.
 - 3.4.1.2 80 private sector homes in the Swarcliffe and wider Seacroft area. This is a large mixed tenure area with a wide range of non-standard construction types. A large proportion of council owned properties have already been improved beyond band E as part of the PFI programme, therefore this scheme will concentrate on private sector homes in this area. There is currently a Warm Homes Fund scheme to install central heating in electrically heated properties in the Swarcliffe area, therefore we are aiming for at least thirty of these installations to be undertaken in properties which have had central heating installed, so that it will operate more efficiently with lower carbon emissions.
 - 3.4.1.3 30 private and 10 council properties in the Weston estate in Otley. This is a large area of Wimpey No Fines construction housing which has a comparatively high proportion of E – G rated properties where local community organisations have already generated a level of interest in external wall insulation.
 - 3.4.2 Non-standard cavity wall insulation in 100 private sector households.
 - 3.4.3 Air Source Heat Pump central heating in 80 council homes. Partial funding has already been secured for these installations from the Warm Homes Fund, however, this application will enable us to fund a further proportion of the install cost with direct grant funding, rather paying up front and relying on the Renewable Heat Incentive to reimburse the cost over seven years. This will reduce the up-front cost to the Housing Revenue Account in the meantime.

3.5 The works will be undertaken through the Better Homes Yorkshire contract.

4. Corporate considerations

4.1 Consultation and engagement

4.1.1 Prior to submitting the Green Homes Grant Local Authority Delivery application, the Executive Member for Climate Change, Transport and Sustainable Development briefed regarding the planned programme.

4.1.2 The local councillors for Middleton Park, Otley and Yeadon, Killingbeck and Seacroft and Cross Gates and Whinmoor, have been sent written briefings and offered individual verbal briefs if required. This has been well received and we will continue to work with local councillors during project delivery.

4.2 Equality and diversity / cohesion and integration

4.2.1 We have undertaken an equality and diversity / cohesion and integration screening for the project. It's key findings were:

4.2.1.1 The project won't have any impacts on the equality characteristics, however it will have a positive impact on poverty and health and wellbeing in households who are susceptible to fuel poverty.

4.2.1.2 As the works are based on individual households, they will not have any impact on relationships between groups or the potential to bring groups/communities into increased contact with each other.

4.2.1.3 As the works will be allocated according to household income/current home energy efficiency, there is no possibility of it benefitting one group at the expense of another.

4.3 Council policies and the Best Council Plan

4.3.1 The project will improve the city's housing stock by increasing energy efficiency and reducing fuel poverty. The works will:

4.3.1.1 Improve the quality of the fabric of the housing stock,

4.3.1.2 Promote independent living by making it easier for vulnerable people to live in their own homes,

4.3.1.3 Help to create sustainable communities, by reducing the carbon emissions from the improved homes,

4.3.1.4 Improve health through housing by making it easier for people to keep warm and live more healthily in their own homes.

4.3.2 By doing so, the project directly supports the Best Council Plan by supporting:

4.3.2.1 The headline aim of *Tackling poverty and reducing inequalities*;

4.3.2.2 The outcomes of helping people to *Live in good quality, affordable homes in clean and well cared for places* and a *sustainable city that's working towards being carbon neutral*;

4.3.2.3 The priorities of *Improving energy performance in homes, reducing fuel poverty, Reducing health inequalities and improving the health of the poorest the fastest and Helping people out of financial hardship*.

Climate Emergency

4.3.3 The energy efficiency improvements will save approximately 518 tonnes of CO₂ emissions per annum, supporting the council's aim to achieve net zero carbon.

4.4 Resources, procurement and value for money

4.4.1 The project will install energy efficiency improvements in 285 private and 100 council homes in Leeds and involves newly allocated Leeds City Council funding of £244,195.4 (£336,800 of council and Warm Homes funding has already been allocated to the project) out of a project value of £3,552,090. This is made up as follows:

£244,195.4 Leeds City Council (Within existing capital programme)

£160,000 Leeds City Council (Previously allocated to the ASHP scheme)

£176,800 Warm Homes funding (Previously allocated to the ASHP scheme)

£2,971,095 Green Homes Grant Local Authority Delivery (New injection grant)

4.4.2 £400,000 of the grant will be used to fund the Air Source Heat Pump scheme in place of Renewable Heat Incentive funding. This will mean that the funding can be claimed immediately before and after the completion of the scheme, rather than over seven years, which will assist budgeting in the Housing Revenue Account.

4.4.3 For every £1 of LCC funding spent under the project, a further £7.35 of new grant funding will be brought into the city.

4.4.4 Capital funding and cash flow

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2021 £000's	FORECAST			
			2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's
LAND (1)	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION (3)	3435.8	3435.8	0.0	0.0	0.0	0.0
FURN & EQPT (5)	0.0	0.0	0.0	0.0	0.0	0.0
DESIGN FEES (6)	0.0	0.0	0.0	0.0	0.0	0.0
OTHER COSTS (7)	116.2	116.2	0.0	0.0	0.0	0.0
TOTALS	3552.0	3552.0	0.0	0.0	0.0	0.0
Total overall Funding (Including funding outside of the Programme)	TOTAL £000's	TO MARCH 2021 £000's	FORECAST			
			2021/22 £000's	2022/23 £000's	2023/24 £000's	2024/25 £000's
Warm Homes Fund	176.8	176.8	0.0	0.0	0.0	0.0
Housing Leeds	404.2	404.2	0.0	0.0	0.0	0.0
Green Homes Grant	2971.0	1485.5	1485.5	0.0	0.0	0.0
Total Funding	3552	2066.5	1485.5	0.0	0.0	0.0
Balance / Shortfall =						

4.4.5 The entire programme will be delivered via the existing Better Homes Yorkshire framework. The terms of this contract means that an order can be placed for the works without the need for further tender activity.

4.5 Legal implications, access to information, and call-in

- 4.5.1 The project is a key decision, therefore we published notice of the key decision on 28th August 2020, to be determined no earlier than 26th September 2020.
- 4.5.2 The decision is eligible for call in.
- 4.5.3 The grant will be used for state aid compliant activities and there are no further specific legal implications.

4.6 Risk management

- 4.6.1 The project has had to be designed and will be delivered within tight timescales. We have therefore utilised our data resources to plan a programme in areas of the city which are likely to have the highest levels of scheme eligibility.
- 4.6.2 We have raised key risks with government as part of the grant application (weather, COVID-19 issues and access) and stated that we cannot mitigate these due to the extremely tight delivery timescales. We have noted that we will require extensions if these risks manifest themselves.
- 4.6.3 We will be holding monthly operations meetings between all parties involved in delivery, and will monitor progress throughout this stage.

5. Conclusions

- 5.1 The scheme will represent substantial progress in specific neighbourhoods towards the city's aims of reducing net carbon emissions to zero by 2030 as well as reducing fuel poverty.
- 5.2 The scheme will bring in over £2.9m of external funding to help alleviate fuel poverty and improve the energy efficiency of homes across Leeds, particularly system build properties which have traditionally been amongst the most expensive to insulate.

6. Recommendations

The Director of Resources and Housing is requested to:-

- a) Approve Leeds City council entering into a grant agreement with the Department for Business, Energy and Industrial Strategy to draw down and spend the £2,971,095 green homes Grant Local Authority Delivery funding on energy efficiency improvements to housing in the Leeds area.
- b) Authorise total expenditure of £3,552,090 (inclusive of £336,800 already allocated to the Air Source Heat Pump project) split between:
 - a. The installation of energy efficiency improvements in council owned homes (£1,080,995.40 inclusive of the £336,800 previously allocated) within our Housing Leeds refurbishment programme
 - b. Energy efficiency improvements in private sector homes (£2,354,894) within our Energy Efficiency Programme in the general fund
 - c. Administrative and marketing costs for the private sector scheme (£116,200) within the Sustainable energy and Air Quality Team budget.
- d) Approve placing an order with Engie through the existing Better Homes Yorkshire framework for this work.

7. Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.