

Green Homes Grant Local Authority Delivery Phase 2

Date: 24/05/2021

Report of: Sustainable Energy and Air Quality Team

Report to: Director of Resources

Will the decision be open for call in? Yes No

Does the report contain confidential or exempt information? Yes No

What is this report about?

Including how it contributes to the city's and council's ambitions

- Leeds City Council has been awarded funding of £5,346,100 under the Green Homes Grant Local Authority Delivery programme to undertake a programme of domestic energy efficiency works across Leeds between June and December 2021.
- The programme includes a range of energy efficiency measures that will improve 780 private homes in Leeds, reducing CO₂ emissions and residents' fuel bills.
- In order to undertake the work, the council must sign a memorandum of understanding and funding letter with Tees Valley Combined Authority and authorise expenditure on the project.

Recommendations

The Director of Resources is requested to

- a) Approve Leeds City Council entering into a grant agreement with Tees Valley Combined Authority to draw down and spend the £5,346,100 Green Homes Grant Local Authority Delivery funding on energy efficiency improvements to housing in the Leeds area.
- b) Authorise total expenditure of £7,875,350 split between:
 - a. Energy efficiency improvements to 414 private sector homes (£2,741,250) within our Energy Efficiency Programme in the general fund
 - b. Energy efficiency improvements to homes to 300 homes in the social rented sector (£3,758,500)
 - c. Energy efficiency improvements to 66 homes in the private rented sector (£600,750)
 - d. Administrative and staffing marketing costs within the Sustainable Energy and Air Quality Team budget (£742,600).
 - e. Future bid development measures (£32,250)
- c) Approve placing an order with Engie through the existing Better Homes Yorkshire framework for the private sector works and for Housing Leeds to carry out a procurement exercise to appoint contractors for works to LCC homes.
- d) Waive the call-in period for this decision.

Why is the proposal being put forward?

- 1 This proposal will enable Leeds City Council to draw down on £5,346,100 of grant funding for the purpose of installing energy efficiency improvements to domestic properties across Leeds.
- 2 This funding is the council's share of Phase 2 of the government's Green Homes Grant Local Authority Delivery (GHG LAD) fund, worth a total of £300 million to local authorities around the country. It has been awarded to the council following submission of a funding proposal to the North East, Yorkshire and Humber Energy Hub which is responsible for administering the funding

What impact will this proposal have?

Wards Affected: All

Have ward members been consulted? Yes No

- 3 The project will improve the city's housing stock by making homes more energy efficient and reducing fuel poverty. A total of 780 homes across all tenures will benefit this funding, creating homes that cost less to heat and emit less CO2.
- 4 The funding will directly benefit Leeds citizens facing poverty and inequality. A requirement of the grant is that funding is limited to homes most likely to be in fuel poverty, specifically homes with an EPC rating of Band D or lower and with a household income of under £30,000 a year.
- 5 The bid consists of a number of projects around the city, some citywide and others targeted to specific areas. All tenures will benefit. In summary the works will consist of
 - 5.1 Works delivered in partnership with registered social landlords (RSLs):
 - 5.1.1 Upgrade 40 Sanctuary Housing owned properties with new heating controls, installation of solar PV and LED lighting and improved insulation where appropriate
 - 5.1.2 Retrofit of 25 mainly Victorian properties owned by Together Housing to include floor and roof insulation and solar PV
 - 5.2 Housing Leeds led works:
 - 5.2.1 Installation of external wall insulation to 123 flats in Marlborough Towers and Saxton Gardens
 - 5.2.2 Installation of energy efficient roofs to Wortley Heights and Wortley Towers to improve the energy efficiency of 12 top floor flats

5.2.3 Energy efficiency improvements to 30 properties as part of their refurbishment under the existing buy-back scheme for right to buy properties

5.3 Private sector focused improvements:

5.3.1 Room in roof insulation to 126 (100 private sector and 26 council) Victorian terraced properties in Holbeck

5.3.2 Installation of solar PV to 500 low income private sector homes across the city

6 For owner occupied properties the grant will cover the entire cost of the works, up to a maximum of £10,000 per property. For rented properties, the landlord must pay a contribution of at least a third, with a maximum grant value per property of £5,000. No contribution is required of the householder for any of the works.

7 An equality and diversity / cohesion and integration screening has been undertaken for phase 1 of the project. Its key findings were:

7.1 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.

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

7.3 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.

8 Due to the similarity of phases 1 and 2, there is no need to undertake an additional screening.

What consultation and engagement has taken place?

9 Prior to submitting the funding application, the Executive Members for Communities and for Climate Change, Transport and Sustainable Development were briefed regarding the planned programme.

10 The Executive Member for Environment and Housing, the Executive Member for Infrastructure and Climate and the Chair of the Environment, Housing and Communities Scrutiny Board have been consulted on the proposal to waive call-in.

11 Consultation will be undertaken with the relevant ward members in the areas concerned prior to commencing work.

What are the resource implications?

12 The project will install energy efficiency improvement to 780 homes in Leeds requiring a total of £7,875,350 made up of £5,313,850 green homes grant phase 2 funding, £32,500 bid development funding and landlord contributions of £2,529,250.

13 The total value of the measures to be installed is £7,100,500. This will fund a total of 1,215 individual energy efficiency measures including cavity, external wall, room in roof and loft insulation, solar panels, double glazing, and energy efficient doors.

14 Capital funding and cash flow

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2022 £000's	FORECAST			
			2022/23	2023/24	2024/25	2025/26
			£000's	£000's	£000's	£000's
LAND (1)	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION (3)	7100.5	7100.5	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)	774.8	774.8	0.0	0.0	0.0	0.0
TOTALS	7875.3	7875.3	0.0	0.0	0.0	0.0
Total overall Funding (Including funding outside of the Programme)						
	TOTAL	TO MARCH	FORECAST			
		2022	2022/23	2023/24	2024/25	2025/26
	£000's	£000's	£000's	£000's	£000's	£000's
Private sector landlords	270.7	270.7	0.0	0.0	0.0	0.0
Housing Leeds	1473.0	1473.0	0.0	0.0	0.0	0.0
Registered Social Landlords	785.5	785.5	0.0	0.0	0.0	0.0
Green Homes Grant	5313.8	5313.8	0.0	0.0	0.0	0.0
TVCA bid development funding	32.2	32.2	0.0	0.0	0.0	0.0
Total Funding	7875.3	7875.3	0.0	0.0	0.0	0.0
Balance / Shortfall =						

What are the legal implications?

- 15 The proposal is a key decision, with notice published on 19th March 2021.
- 16 There is a requirement to return the signed the MoU by 28th May 2021. For this reason the call in period will be waived for this decision as failing to return the MoU could result in the loss of grant funding.
- 17 The grant will be used for state aid compliant activities and there are no further specific legal implications

What are the key risks and how are they being managed?

- 18 The main risk to the project is the tight timescale attached to it. All works must be completed by the end of December 2021 which is a very short period of time to deliver a project of this nature.
- 19 This deadline amplifies some of the other key risks typically associated with domestic energy efficiency works, such as periods of bad weather delaying the application of certain measures or customer interest not matching expectations, requiring additional marketing activities to be carried out and creating further delays.
- 20 The use of the existing Better Homes Yorkshire contract mitigates this risk as it means an order can be placed for the works without the need for further tender activity. Housing Leeds have procured a contractor for each individual project to ensure value for money. RSLs will be responsible for procuring their own works and all have extensive experience of obtaining value for money for their planned works.
- 21 All works funded by GHG LAD phase 2 must comply with the new PAS2035 quality standard for domestic energy works. The introduction of this standard has caused issues with some projects as compliance substantially increases the cost of some measures, making them very difficult to achieve within the £10,000 cap. This proposal has been designed to minimise this risk PAS2035 through the selection of measures, for example solar PV installations are not covered by the new standard and the inclusion of these in the programme helps offset the higher cost of external wall insulation compared with previous schemes that did not require PAS 2035 compliance.

- 22 All third-party landlords whose properties formed part of the approved proposal are aware of the need to fund a third of the total cost of works on their properties themselves. Their receipt of funding will be subject to a further grant agreement with the council. Should any of these landlords subsequently decide not to contribute to works at the required level, works will not be undertaken to their properties and we would seek to divert the funding to alternative measures, subject to a project change request with TVCA.
- 23 Updates on risk are part of the regular reporting to the energy hub required under the grant.

Does this proposal support the council's 3 Key Pillars?

Inclusive Growth Health and Wellbeing Climate Emergency

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

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

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

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

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

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

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

25.2 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*;

25.3 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*.

Options, timescales and measuring success

a) What other options were considered?

26 Due to the value of the funding and its alignment with the corporate priorities of tackling fuel poverty and reducing carbon emissions, the option to not submit a bid was not seriously considered. The issues with PAS2035 discussed above limited what was possible with this funding. For example, a scheme along the lines of phase 1 which is primarily focused on external wall insulation would not have been possible under phase 2 due to PAS2035 making it impossible to install EWI below the funding cap of £10,000 per property.

27 The chosen scheme was considered to provide the best mix of improvements to all tenures covering a mix of schemes focused on deprived neighbourhoods and citywide offerings.

b) How will success be measured?

28 The council will report on a range of KPIs to the energy hub every month. These indicators include the number of measures installed, the number of homes being improved to EPC band C or above and the ongoing carbon savings resulting from work undertaken.

c) What is the timetable for implementation?

29 An order will be placed with Engie under the Better Homes Yorkshire framework as soon as possible following approval of this proposal. All work must be completed by 31st December 2021

Appendices

30 None

Background papers

31 None