

Extension to Green Homes Grant Local Authority Delivery Phase 1b

Date: 21/10/21

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

- The council has been awarded further government grant to extend the programme of energy efficiency works being delivered under the Green Homes Grant Local Authority Delivery fund phase 1b (GHG LAD 1b). The council's additional allocation is to the value of £950,822 and the delivery window has been extended to 31st March 2022
- The additional funding and longer delivery period will mean the scheme delivers energy efficiency and renewable energy improvements to a further 107 properties, lowering the city's CO2 emissions and reducing energy bills for households that benefit from the works.
- To undertake these works the council must enter into a revised memorandum of understanding with the Department for Business, Energy and Industrial Strategy (BEIS).
- BEIS has given the council five working days to return the signed addendum to the memorandum of understanding, meaning it must be returned by Monday 25th October. This means that this decision must be taken as an urgent key decision as the amount of funding awarded is above the threshold for a key decision but the timetable set by government means that it cannot be taken within the normal key decision timescales.

Recommendations

The director of resources is recommended to:

- a) Approve Leeds City Council to enter into a revised memorandum of understanding with the Department for Business Energy and Industrial Strategy to draw down and spend the additional £950,822 green homes grant local authority delivery phase 1b funding on energy efficiency and renewable energy improvements to homes in the Leeds area
- b) Authorise total expenditure of £950,822 on energy efficiency improvements to 107 private sector homes.

- c) Waive the call-in period for this decision

Why is the proposal being put forward?

- 1 This proposal will enable Leeds City Council to insulate or install renewable energy to a further 108 homes across the city under an extension of the current GHG LAD 1b programme of works.
- 2 In August this year BEIS advised local authorities delivering existing GHG LAD 1b projects that they were considering extending the delivery window of the scheme to March. They also asked councils whether they would be willing to take on additional funding under the scheme and what they would be able to deliver if additional funding were made available.
- 3 In response to this the council submitted a proposal on 24th September for an additional £950,822. This funding was to be spent on external wall insulation to a further 20 properties and solar PV to a further 87 properties
- 4 On 8th October BEIS notified the council that our bid for additional funds was approved with this proviso.
- 5 BEIS sent revised documentation to us on Monday 18th October with a requirement that it be returned within five days.

What impact will this proposal have?

Wards affected:

Have ward members been consulted? Yes No

- 6 This proposal will have a positive impact on the council's aims to reduce the city's carbon footprint and reduce fuel poverty. 107 homes will be warmer and have lower fuel bills and the contribute to reducing the city's carbon footprint.
- 7 The schemes that benefit will be the existing area based external wall insulation projects and citywide solar PV schemes.

What consultation and engagement has taken place?

- 8 The scrutiny board chair for environment, housing and communities was briefed on the funding award on 20th October. The executive member for infrastructure and climate was briefed on 22nd October.

What are the resource implications?

- 9 The extension of this scheme will see an additional £950,822 injected into the capital programme.

Authority to Spend required for this Approval	TOTAL £000's	TO MARCH 2022 £000's	FORECAST			
			2022/23 £000's	2023/24 £000's	2024/25 £000's	2025/26 £000's
LAND (1)	0.0	0.0	0.0	0.0	0.0	0.0
CONSTRUCTION (3)	761.7	761.7	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)	189.1	189.1	0.0	0.0	0.0	0.0
TOTALS	950.8	950.8	0.0	0.0	0.0	0.0
Total overall Funding (including funding outside	TOTAL	TO MARCH 2022	FORECAST			
			2022/23	2023/24	2024/25	2025/26

of the Programme)	£000's	£000's	£000's	£000's	£000's	£000's
Green Homes Grant	950.8	950.8	0.0	0.0	0.0	0.0
Total Funding	950.8	0.0	0.0	0.0	0.0	0.0
Balance / Shortfall =						

What are the legal implications?

- 10 The amended MoU has been reviewed by colleagues in legal services who have approved it for signing.
- 11 The government requires the amended MoU to be returned by Friday 22nd October 2021. For this reason, the decision must be treated as an urgent decision and has not been published on the forward plan for key decisions and the call in period has been waived. The executive member for infrastructure and climate has been briefed on the decision and his signature is attached to the delegated decision notice as is required under special urgency rules.

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

- 12 From 1st November all government funded energy efficiency works must comply with the PAS2035 standard. This requires a higher specification of works and adds time and cost, particularly with external wall insulation jobs. Before bidding for this funding we asked the contractor Engie to provide updated prices based on the new PAS2035 specification and the approved bid reflects these revised prices and timescales.
- 13 Works must be completed by the end of March 2022 which is a relatively short timescale. Funding not spent by this date must be returned to government. The bid is an extension of the existing GHG LAD1b programme of works with no new workstreams added which mitigates this risk. External wall insulation works can be delayed by bad weather, particularly in winter months; this will be mitigated by focusing the EWI works on the early part of the delivery window.
- 14 Whilst they have approved the bid we submitted, BEIS have expressed a preference that insulation measures property are prioritised ahead of solar PV installations. This is to ensure the project is in keeping with the 'fabric first' principle that improvements to the efficiency of the building fabric are carried out before upgrades to heating or electrical systems, reducing the energy use of the building as much as possible. We will
- 15 The terms of the grant require that the cost of works per property must average under £10,000 and the proportion of EPC band D properties must be no more than 50% across the scheme, with the rest to consist of bands E-G. There is therefore a risk of an insufficient
- 16 A risk register is maintained and reported to government as part of the regular monthly reporting required under the terms of the grant.

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

- Inclusive Growth
 Health and Wellbeing
 Climate Emergency

- 17 The project will improve the city's housing stock by increasing energy efficiency and reducing fuel poverty. The works will:
 - a) Improve the quality of the fabric of the housing stock,

- b) Promote independent living by making it easier for vulnerable people to live in their own homes,
- c) Help to create sustainable communities, by reducing the carbon emissions from the improved homes,
- d) Improve health through housing by making it easier for people to keep warm and live more healthily in their own homes.

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

- a) The headline aim of *tackling poverty and reducing inequalities*;
- b) The outcomes of
 - i. *helping people to live in good quality, affordable homes in clean and well cared for places* and
 - ii. *a sustainable city that's working towards being carbon neutral*
- c) The priorities of
 - i. *Improving energy performance in homes,*
 - ii. *Reducing fuel poverty,*
 - iii. *Reducing health inequalities and improving the health of the poorest the fastest and*
 - iv. *Helping people out of financial hardship.*

Options, timescales and measuring success

What other options were considered?

19 The alternative options were to bid for a higher or lower level of funding or no funding at all. The option of not bidding for funding was rejected as it would have failed to secure any benefits to the city. The approved bid strikes a balance between maximising the benefits to the city as described above and minimising the risks associated with taking on too much work in the short time frame available in which to carry them out.

How will success be measured?

20 The council reports on a range of KPIs to BEIS every month. These indicators detail progress at different stages of the installation process, the EPC ratings before and after works are taken and the carbon savings that arise from the works.

What is the timetable for implementation?

21 The extension is a continuation of an ongoing programme of work and no additional procurements or contracts are required to spend the funding. All works must be completed and lodged with Trustmark by 31st March 2022.

Appendices

22 None

Background papers

23 None