



# Doncaster Council

## Report

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Date: 15<sup>th</sup> September 2020

To the Chair and Members of the Cabinet

### GREEN HOMES GRANT – LOCAL AUTHORITY DELIVERY SCHEME

Relevant Cabinet Member(s)	Wards Affected	Key Decision
Cllr Glyn Jones	All Wards	Yes

### EXECUTIVE SUMMARY

1. Following the Chancellors announcement of a £2 billion Green Homes Grant (GHG) in July 2020, all Local Authorities have now been given the opportunity to enter a competitive bidding process for a share of £200m to improve energy efficiency standards in the homes of low-income households, to help both reduce fuel poverty and reduce carbon emissions.
2. The £200m (for delivery by 31 March 2021) is phase 1 of 2 phases for which Local Authorities can bid for funding, with a second phase of £300m for delivery in 2021-22.
3. The Local Authority Delivery (LAD) scheme can provide funding up to £5,000 and £10,000 for qualifying tenanted and privately owned properties respectively.
4. Although part of the £2bn GHG, the LAD is described as running parallel to the main scheme and will act as a stimulus and demonstrator to support and encourage applications to the main 'longer term' GHG scheme.
5. The Government is looking for bids which are both responsive and give confidence of delivery as the first phase of the LAD will commence on the 1<sup>st</sup> October 2020 and conclude on the 31<sup>st</sup> March 2021. Consortium bids are particularly welcome; and so Doncaster will lead a bid which includes Barnsley Council and South Yorkshire Housing Association as partners.
6. With an award notification of the 28<sup>th</sup> September and scheme start date from the 1<sup>st</sup> October, such timescales do not allow for a key decision process to be followed if the Council was to take a decision at the point it is notified of

the bid outcome. This decision is therefore being sought ahead of the funding bid outcome to allow delivery to commence immediately after award.

7. The Council's proposed bid will demonstrate;
  - a. the ability to respond rapidly to the call for an urgent start;
  - b. confidence of delivery by integrating with past and present schemes;
  - c. compliance through the use of an appropriate framework contract;
  - d. appropriate measures required to reduce fuel poverty and move towards net zero targets;
  - e. support for residents pre, during and post works to support our residents; and
  - f. the use of intelligence from recent crises to help target those most in need.
  
8. Following the Council's declaration of a Climate and Biodiversity Emergency, Doncaster's Climate Commission has started to identify the necessary interventions we need to take action on. With 'deep retrofit' (high performing insulation) having the single biggest impact on our pathway to net zero, it is proposed to focus on this measure. In particular, to focus on helping our most energy inefficient housing to receive wall, loft and floor insulation. Such measures will also raise the property standards to the level necessary to receive a low carbon heating solution, such as an air source heat pump, in the future.
  
9. With around 80 homes (30 in Doncaster) being targeted with a package of energy efficiency measures worth up to £10,000 per home, the LAD scheme presents a good opportunity to support and complement the wider GHG scheme and take the first small steps towards a long term net zero housing retrofit programme.
  
10. The scheme will be focussed on privately owned homes. This is because the Council's previous significant investments in improving the heating, windows and insulation of its own housing stock means it already has an EPC rating of D or above, and although we will look to improve the energy efficiency of these homes further in our drive to tackle climate change and help people keep their homes warm affordably, the Council's housing isn't therefore eligible for this scheme.

## **EXEMPT REPORT**

11. N/A

## **RECOMMENDATIONS**

12. For the Council to lead a bid for funding of £690k from the governments first phase of the LAD scheme, working with Barnsley Council and South Yorkshire Housing Association (SYHA).
  
13. For the Council to agree to accept funds from government, to deliver home

energy saving improvements in the homes of Doncaster and South Yorkshire residents, should the bid be successful.

14. To appoint a provider through a framework to deliver the works permitted by the funding, as well as other Council and externally funded energy efficiency works projects.
15. For the Section 151 Officer to approve the receipt of funds being awarded and allocation of that award.

## **WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?**

16. Residents, tenants and landlords who own and rent their homes can benefit from grants via the GHG and LAD schemes.
17. Our most vulnerable residents will be supported to take appropriate decisions on improving their home and reducing their energy costs. Residents will be supported pre, during and post works to ensure they fully benefit from the works and take advantage of fuel savings and increased comfort; giving an improved outlook on household finance and health.
18. Reduced heating and energy bills allow more disposable income for residents, which can be spent locally as opposed to being paid to energy companies.
19. Residents will feel more included and able to contribute towards local and national targets to reduce carbon emissions. They can feel proud that they 'are doing their bit'.
20. A warm and more comfortable home will be welcome in such times where more time is spent at home. Such improvements will help limit the impact of conditions households may experience during time of crisis and pandemic.

## **BACKGROUND**

21. On 8 July 2020, the Chancellor announced a £2 billion Green Homes Grant scheme to upgrade homes across England. The fund will be broken down as follows:

### **a. LAD Scheme – £500m Phase 1 of LAD –**

1. £200m of this will be for delivery directly through local authorities, to be spent between October 1<sup>st</sup> 2020 and 31<sup>st</sup> March 2021.
2. This is a competitive bidding process for which the minimum bid threshold is £500,000.

### **b. Phase 2 of LAD –**

1. £300m will be available in 2021-22 and will be co-ordinated through the five government Energy

Hubs, for which Doncaster sits in the North East Yorkshire & Humber (NEYH) Energy Hub.

**c. GHG voucher scheme – £1.5 billion (starting September 2020)**

- i. £1 billion will be available to all households, with a maximum of £5,000 per household and will require the household to contribute 33% of the cost of works.
  - ii. £500m will be available to homeowners receiving income or disability related benefits for which a maximum of £10,000 per property can be claimed, with no contribution required from the homeowner.
22. On the 4<sup>th</sup> August 2020 the government opened the bidding completion for Phase 1 of the LAD, with a closing date of the 1<sup>st</sup> September 2020.
23. Successful bids will be notified by the 28<sup>th</sup> September and can commence delivery from the 1<sup>st</sup> October. All works have to be complete by the 31<sup>st</sup> March 2021. This is a very tight timescale for the creation of a programme of works and the subsequent completion of those works.
24. A copy of the Memorandum of Understanding funding offer is [available here](#) and in Appendix 1.
25. Although the Council can respond and position itself to deliver something useful in Doncaster, the urgency of this response has highlighted to the need for an up to date Private Sector Housing Stock Condition Survey as this would add a great deal of value to support the evidence and reasoning for our approach to targeting and delivery of works.
26. The LAD scheme aims to raise the energy efficiency of low income households who have a total income less than £30,000 per annum, and have a low energy performance rating (those rated at EPC Band E, F or G), including off-gas grid homes and residential park homes.
27. The energy efficiency measures being supported through this scheme include all that improve the SAP (Standard Assessment Procedure) and Energy Performance Certificate (EPC) 'energy rating' of a property, but it excludes fossil fuel heating. The funding cannot be used to install or replace gas boilers.
28. The timing of this scheme, with a very tight timeframe for marketing, signing up customers, mobilisation and delivery, presents a significant challenge but not one that seems unachievable.
29. Ahead of receiving the scheme qualifying criteria from the Government, the intention was to include some of the Council's social housing stock as this would act as a base for reaching the minimum bid threshold of £500k, allow much needed capital to be directed elsewhere and give greater confidence of delivery. However, due to the Council's own housing stock all being of an EPC rating of D or better, it does not qualify for scheme funding. The focus must now turn to delivering works on privately owned and rented homes.

30. To de-risk underperformance and give greater confidence in delivery, discussions were held with Barnsley, Rotherham and Sheffield Councils as well as South Yorkshire Housing Association (SYHA) to consider a consortium bid. Although Sheffield and Rotherham Council's withdrew their interest, Barnsley Council and SYHA have confirmed their inclusion and will be welcome partners.
31. A consortium bid, led by Doncaster Council would allow each of the partners to take some responsibility, especially a share of the customer numbers and the customer engagement role, which is likely to have the most impact on resources and time and to reduce the risk of the scheme underspending far as is possible. The Council will also seek support with customer engagement from the preferred contractor delivering the scheme and such added value will be sought through the procurement process.
32. A preferred contractor will be required to have PAS 2035 registration and have the Trustmark quality award. PAS 2035 is the over-arching document in the national retrofit standards framework. Within this framework, Trustmark holders will be required to comply with this standard when carrying out any domestic housing retrofit work.
33. The project timeframe does not allow for an open tender process to be undertaken. The Council will review and select an appropriate existing EU compliant procurement framework that can deliver its objectives within the constraints of the project. One objective being to support a range, albeit limited number, of residents across the borough and South Yorkshire, which will require a contractor who can respond and give confidence in delivery.
34. The recent floods and COVID-19 pandemic has brought to our attention, and enabled ongoing communications with, some of our most vulnerable residents and this grant gives great opportunity to support them when they are most in need. The Council will need to draw upon resources from a number of Service areas to not only help with engaging residents but also help ensure those households benefit from such a generous and impactful package of home energy efficiency improvements.
35. While delivering the LAD, there is opportunity to blend the scheme with the wider GHG. To support this, it is proposed to use benefits data to identify homeowners who can qualify for the GHG funding. This approach will allow for a more inclusive scheme. A Data Protection Impact Assessment has therefore been submitted to the Information Governance Team for approval to access and use benefits data.
36. Both Doncaster and Barnsley Council have proposed to target a minimum of 25 homes each and take a budget share of £250k each. SYHA have proposed to target 20 homes and take a budget of £100k, therefore making up a capital spend of £600k. With 15% of the capital being available for contract management and ancillary costs, the total bid will be worth £690k.
37. Each party will be responsible for identifying qualifying households and will be supported by the contractor appointed by Doncaster Council. Doncaster Council will administer the grant on behalf of all parties, through the contractor.

38. In summary, residents could benefit from a package of home energy efficiency improvements worth up to £10,000, with no contribution required from many of the residents. Where the costs of a package of insulation works exceeds this £10,000 maximum, the homeowner would be required to contribute the excess amount. Landlords can access up to £5,000 but will be required to contribute 33% of the costs. Savings of £300 p.a are likely to be made by having wall insulation, floor insulation and loft insulation top up. Carbon dioxide will reduce by 1 tonne per home (based on a semi detached house).

## **OPTIONS CONSIDERED**

39. Option 1 – No bid is submitted for Phase 1
- a. Of the £2 billion being made available, £200m is being made available via local authorities to spend by 31 March 2021 as the Government understand we have an opportunity to direct this funding in a more effective and strategic way.
  - b. Excluding the Council from this funding opportunity limits the potential for the Council to take its fair share for Doncaster residents.
  - c. Although the wider GHG scheme of £1.5 billion gives opportunity to access funds for all Doncaster residents, it does not allow for a customer journey to be supported all the way from engagement through to works completed as residents will be made to choose a contractor themselves. This is a process many vulnerable households will struggle to navigate and take decisions on, and gives greater reason for Council involvement and support in the LAD
40. Option 2 – Plan for bidding in Phase 2
- a. Phase 2 will allow delivery of the same type of works and qualifying homes from April 2021, with an end date of 31<sup>st</sup> March 2022, with £300m being available for competitive bids.
  - b. Although this gives a greater lead in time to prepare and to deliver, the funding bids will be led by each of the 5 Energy Hubs, for which Doncaster is part of the NEYH.
  - c. The NEYH Energy Hub services 6 City Regions and the 25 or more Council's within them, for which there are some large Councils, including Leeds, Newcastle, Sheffield and Hull.
  - d. Phase 2 will certainly be a bidding opportunity we want to take part in, but so will every energy hub and city region, and there can be no guarantee on the scale of resources we could secure.

## **REASONS FOR RECOMMENDED OPTION**

41. A successful bid will enable the Council to direct resources in the most impactful and beneficial way and maximize the outcomes for some of Doncaster's most vulnerable households.
42. This will be the first of many housing retrofit schemes which helps move the borough towards its net zero carbon emissions objectives.

43. A very tight timeline for delivery means a consortium bid will allow minimum bid thresholds to be met while limiting the risk of under delivery, and is the safer option compared to bidding alone.
44. A successful bid will enable the Council to seek social value from its contract and create job and apprentice opportunities.
45. The Council will seek to take and maximise inward investment and seek its share of the £2 billion national fund and commence one of many projects that will support a green and just recovery.

## IMPACT ON THE COUNCIL'S KEY OUTCOMES

46.

	<b>Outcomes</b>	<b>Implications</b>
	<p><b>Doncaster Working:</b> Our vision is for more people to be able to pursue their ambitions through work that gives them and Doncaster a brighter and prosperous future;</p> <ul style="list-style-type: none"> <li>• Better access to good fulfilling work</li> <li>• Doncaster businesses are supported to flourish</li> <li>• Inward Investment</li> </ul>	<p>A successful bid will bring inward investment and potential for job creation.</p>
	<p><b>Doncaster Living:</b> Our vision is for Doncaster's people to live in a borough that is vibrant and full of opportunity, where people enjoy spending time;</p> <ul style="list-style-type: none"> <li>• The town centres are the beating heart of Doncaster</li> <li>• More people can live in a good quality, affordable home</li> <li>• Healthy and Vibrant Communities through Physical Activity and Sport</li> <li>• Everyone takes responsibility for keeping Doncaster Clean</li> <li>• Building on our cultural, artistic and sporting heritage</li> </ul>	<p>The homes of residents can receive a package of energy efficiency measures which improves comfort, reduces fuel bills; therefore improving health and financial outlook for residents.</p>
	<p><b>Doncaster Learning:</b> Our vision is for learning that prepares all children, young people and adults for a life that is fulfilling;</p> <ul style="list-style-type: none"> <li>• Every child has life-changing learning experiences within and</li> </ul>	

	beyond school <ul style="list-style-type: none"> <li>• Many more great teachers work in Doncaster Schools that are good or better</li> <li>• Learning in Doncaster prepares young people for the world of work</li> </ul>	
	<b>Doncaster Caring:</b> Our vision is for a borough that cares together for its most vulnerable residents; <ul style="list-style-type: none"> <li>• Children have the best start in life</li> <li>• Vulnerable families and individuals have support from someone they trust</li> <li>• Older people can live well and independently in their own homes</li> </ul>	
	<b>Connected Council:</b> <ul style="list-style-type: none"> <li>• A modern, efficient and flexible workforce</li> <li>• Modern, accessible customer interactions</li> <li>• Operating within our resources and delivering value for money</li> <li>• A co-ordinated, whole person, whole life focus on the needs and aspirations of residents</li> <li>• Building community resilience and self-reliance by connecting community assets and strengths</li> <li>• Working with our partners and residents to provide effective leadership and governance</li> </ul>	

## RISKS AND ASSUMPTIONS

47. The timing and criteria for a Phase 1 scheme makes it very challenging to deliver by 31<sup>st</sup> March 2021.
- a. The Council will utilise an existing EU compliant procurement framework to select a preferred contractor. A number of frameworks are available to us, for which Fusion21 is being considered.
  - b. The installation of external wall insulation is the most important part of the proposed bid, and key to securing the fuel poverty and carbon reduction outcomes. However, the works programme will have to run through the autumn and winter period, and it is possible that bad weather will delay the installation of this external insulation



- c. Planning permission may be required for the external wall insulation. If so, that may make delivery within the extremely short time allowed impossible
  - d. In addition to our strong community connections and use of intelligence data, we have Neighbourhood Energy Officers whose job is to target and support households through the grant application process and so our resident liaison resource can ensure residents are fully engaged and supported pre, during and post works.
  - e. A consortium approach with Barnsley and SYHA will spread the risk of under-delivery, and although this may mean less delivery in Doncaster it would reduce the risk of any clawback of funds should the project underspend.
48. Where a home owner or a private landlord is topping up a grant payment to allow a full package of works to be installed, there is a risk that they fail to provide that match funding.
- a. Householders will be consulted ahead of any works commencing, with works quoted for and either approved or rejected by the home owner
  - b. There will be a contingency fund available, which can be included with the 15% of project management costs, but this would only assist with survey costs and small remedial works. It would not allow for costs above the grant maximum where the householders choice has influenced the price ie. A higher specification or additional works.
49. Not everyone will benefit.
- a. The Council has a strong record of delivering home energy efficiency improvements, but there are some who missed out on previous schemes that could be revisited.
  - b. The Council can seek to blend the LAD and GHG schemes to enable a more inclusive scheme, but there will still be some homes that cannot benefit from a full package of works due to the qualifying criteria limiting a totally inclusive scheme.
50. Works are not completed and monies are not defrayed by the 31<sup>st</sup> March 2021.
- a. The question has been asked of BEIS about what happens if despite the Council's best efforts the grant we secure is not fully spent by 31.3.21. The response we have received from BEIS is: *In the event that there are unforeseen impacts on the delivery of projects (e.g. poor weather, COVID-19) as set out in the draft MOU published on gov.uk, BEIS and the Local Authority will work together to agree how the Local Authority will spend any unspent Grant funding in line with the expected outcomes of the GHG LAD. If BEIS and the Local Authority are unable to reach an agreement, the Local Authority can either*

*request an extension in writing to the BEIS Secretary of State or agree to repay the unspent Grant within 30 days of 31 March 2021.*

#### **LEGAL IMPLICATIONS [Officer Initials NJD Date 20/8/20]**

51. Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything that individuals may generally do. Section 111 of the Local Government Act 1972 gives the Council the power to purchase goods and services.
52. The Council has been provided with a draft memorandum of understanding which sets out how the funding must be spent.
53. The memorandum of understanding requires the section 151 officer to sign a declaration to accept the grant; to confirm that the evidence supplied by the Council is true and ensure that the delivery of the scheme is in accordance with the Councils proposal and in accordance with the memorandum of understanding.
54. The Council must comply with all laws and regulatory requirements when delivering the scheme (including, without limitation compliance with all laws and regulatory requirements relating to public procurement and state aid) when administering the funding. Failure to comply with such terms may lead to claw back.
55. The Council is the lead authority for the purposes of making a consortium bid for funding for itself, Barnsley Council and SYHA. The Council will need to enter into agreements with each consortium member to document the arrangement.
56. The provider of the works will be appointed by the Council via a framework. Frameworks are arrangements set up in accordance with the Public Contracts Regulations 2015 which allow the Council to purchase works without the need to run a separate tender.
57. The Council must adhere to strict compliance with the rules of the framework if the appointment of the provider is to be compliant with the Public Contracts Regulations 2015.
58. Following contract signature, the scheme manager should be completely familiar with the contractual terms in order to protect the interest of the Council and enforce any terms as and when necessary.
59. Further legal advice and assistance will be given as the scheme progresses.

#### **FINANCIAL IMPLICATIONS [Officer Initials AT Date 18/8/20]**

60. The expected cost of the scheme has not yet been confirmed and will be determined by the level of funding available to the Council and the consortium, but will not be below £500k. Further approval will be required to confirm a number of elements set out in the body of the report including the

expected costs and this should take the form of an Officer Decision Record (ODR). This should also confirm how payments to contractors will be made and the management arrangements of this consortium bid in line with Financial Procedure Rules.

- a. This scheme will be added to the Housing Capital Programme on approval of the ODR. The funding allows up to 15% of revenue costs to be capitalised with the grant guidance referencing professional fees, evaluation costs and marketing as examples of what can be capitalised. The salary of staff on existing projects is specifically set out as not being eligible for funding, along with a number of other costs and it is the responsibility of the delivering team to ensure these conditions are met, along the requirements for document retention.
61. It is expected that the Energy team will co-ordinate the bid, manage the project and make the relevant returns. Costs that meet the funding guidance will need to be transferred to the capital programme.
  62. A monthly return is required to be submitted. 50% of the funding will be provided within ten days of providing a number of documents set out in Appendix 1 of the guidance and subject to the month 3 monitoring return being submitted on time and does not report poor performance, the remaining 50% will be provided. The funding has to be used by 31st March 2021. The BEIS have confirmed if this is not possible attempts will be made to reach a solution that is in line with the principles of the funding. This reduces the risk of unused balances of the funding being returned but does not remove it entirely.

#### **HUMAN RESOURCES IMPLICATIONS [Officer Initials AA Date 17/8/20]**

63. There are no direct HR Imps in relation to this ODR, but if in future staff are affected or additional specialist resources are required then further consultation will need to take place with HR.

#### **TECHNOLOGY IMPLICATIONS [Officer Initials ET Date 14/8/20]**

64. There are no Technology implications associated with this proposal.

#### **HEALTH IMPLICATIONS [Officer Initials KH Date 19/8/20]**

65. Embedding sustainability into our existing housing stock is an important part of creating a cleaner and greener borough and improving the health and wellbeing of the local population. Retrofitting for energy efficiency can improve people's homes and make them cheaper to keep warm, dry and healthy.

66. Poor housing conditions have a detrimental impact on physical and mental health and cost the NHS at least £600 million per year. In Doncaster, it is estimated that 10.8% of households are in fuel poverty (BEIS, 2018). According to the most recent National Energy Action (NEA) UK Fuel Poverty Monitor (2018) 30% of excess winter deaths can be attributed to cold housing.
67. Being in a cold, damp home can make people seriously ill. The populations most at risk are: people with heart or respiratory conditions, people on a low income, people with mental health conditions, people with disabilities, people in large or old housing or private rented housing, older people and people who have recently left hospital, pregnant women, recent immigrants, children under five, homeless people and people with addictions.
68. There is a clear link between climate change and health; there is also evidence that climate change will impact most on those with the poorest health and those who already experience inequalities (NHS HUDU, 2017). In order to improve health and wellbeing and address inequalities in health we must ensure that as many properties as possible are energy efficient and that those who are most at risk are prioritised and proactively targeted.
69. It is vital that preventative work is undertaken to ensure that our poorest residents, and those with the poorest health, are not left vulnerable to cold-related illness and disadvantage. Retrofit projects form part of the long-term solution to this issue and by increasing energy efficiency and reducing consumption we can enable our residents to be part of efforts to become a cleaner and greener borough. For this reason, the proposed work to improve the homes of those most vulnerable to make them more energy efficient is recommended, not only because of the health impacts, but also for the positive impacts that could be achieved in relation to tackling climate change.

## **EQUALITY IMPLICATIONS [Officer Initials RJS Date 14/08/2020]**

70. The targeting and delivery of the LAD and GHG will have something for everyone, albeit some will benefit from more energy efficiency works and greater value than others. This is the nature of the scheme as it has a qualifying criteria and some homes will require more improvements than others depending on how the home has been improved and maintained in the past.

## **CONSULTATION**

71. Cllr Glyn Jones – Deputy Mayor and Portfolio Holder for Housing and Equalities.

## **BACKGROUND PAPERS**

72. Further information on the funding offer can be found [here](https://www.gov.uk/government/publications/green-homes-grant-local-authority-delivery-scheme-entering-a-bid).  
<https://www.gov.uk/government/publications/green-homes-grant-local-authority-delivery-scheme-entering-a-bid>

## **GLOSSARY OF ACRONYMS AND ABBREVIATIONS**

LAD – Local Authority Delivery scheme  
GHG – Green Homes Grant  
NEYH – North East Yorkshire & Humber energy hub  
EPC – Energy Performance Certificate  
SAP – Standard Assessment Procedure  
SYHA – South Yorkshire Housing Association  
BEIS – Department for Business, Energy & Industrial Strategy

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