



Doncaster Council

Report

Date: 11th March 2021

To the Portfolio Holder for Housing and Equalities

GREEN HOMES GRANT – LOCAL AUTHORITY DELIVERY SCHEME – PHASE 2

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, the government set out how the GHG would be delivered. With a focus on improving the energy efficiency standards in the homes of low-income households, to help both reduce fuel poverty and reduce carbon emissions, the government made the grant available to the general public and for delivery via Local Authorities.
2. With £500m of the budget to be delivered by Local Authorities via the Local Authority Delivery scheme (LAD), Phase 1 would be allocated £200m, be administered by central government, and would seek competitive bids for delivery by March 2021. Phase 2 would be allocated £300m, for delivery by December 2021, and would be administered by the five Energy Hubs across England.
3. A lack of successful bids caused the government to rethink the delivery of Phase 1, and therefore created Phase 1A and Phase 1B. Having successfully bid for both, with a total of £1.179m secured, the Council now turns its attention to Phase 2.
4. While Phase 1A and B required a competitive bidding process, Phase 2 does not but it does require a full application and business case to support the delivery of the Doncaster allocation. The Council will apply for its full allocation of £2m.
5. 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.

6. Phase 2 would enable a further 255 homes to receive grant funded energy efficiency measures to improve comfort, reduce energy bills, improve health and support the actions required to reduce carbon emissions.
7. With an award notification w/c 19th April and scheme start date from the 1st May, 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.

EXEMPT REPORT

8. N/A

RECOMMENDATIONS

9. For the Council to bid for and, if successful, to accept £2m from the governments Phase 2 of the LAD scheme.
10. To delegate authority to the Director of Economy and Environment, in consultation with the Section 151 Officer and the Portfolio Holder for Housing and Equalities to agree the terms and conditions of the MOU for LAD Phase 2.
11. For Phase 2 of the LAD scheme to be added to the Council's Capital programme - Economy and Environment (Housing).

WHAT DOES THIS MEAN FOR THE CITIZENS OF DONCASTER?

12. Residents, tenants and landlords who own and rent their homes can benefit from grants via the GHG and LAD schemes.
13. 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.
14. Reduced heating and energy bills allow more disposable income for residents, which can be spent locally as opposed to being paid to energy companies.
15. 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'.

16. 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

17. On 8 July 2020, the Chancellor announced a £2 billion Green Homes Grant scheme to upgrade homes across England, with £500m being made available for deployment by Local Authorities. After reviewing take up of the first phase, the government reviewed how funds would be deployed. The funds will be broken down as follows:
 - a. **LAD Scheme – Phase 1A and Phase 1B of LAD –**
 - i. £200m of this will be for delivery directly through local authorities, to be spent between October 1st 2020 and 30th September 2021.
 - ii. This was a competitive bidding process for which Doncaster Council secured £684k in Phase 1A and £495k in Phase 1B. Of which £250k and £450k was allocated for use in Doncaster in Phases 1A and 1B respectively.
 - b. **Phase 2 of LAD –**
 - i. £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. For delivery by the 31st December.
 - ii. Funding allocations are made to each Local Authority based on fuel poverty levels, and the allocation for Doncaster is calculated at £2m.
 - iii. The funding allocation is still subject to a successful application, which is due for submission by the 26th March. Results made available by w/c 19th April.
 - c. **GHG voucher scheme – £1.5 billion (started 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.
18. The GHG voucher scheme has suffered early teething problems and it's been widely reported that there have been high level of customer complaints due to its complex application process and has resulted in significant cash flow problems for contractors who are awaiting payment for works.
19. Although this funding would add much value to the delivery of energy

efficiency works in Doncaster, and support the LAD scheme, it is recommended the Council holds back from promoting the scheme until the scheme is operating more efficiently.

20. 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 D, E, F or G), including off-gas grid homes and residential park homes. As with LAD 1B, government will allow up to 50% of the homes we include in the programme to have a starting EPC level D. This is helpful as it brings more eligible properties into scope.
21. Unlike the initial phase of the LAD, the Council can utilise some of the funding from Phase 2 as match funding towards its thermal improvement programme. The Council can use up to £5,000 towards the cost of external wall insulation by providing a minimum match funding contribution of 33%. With the cost of external wall insulation averaging at £11,000 per property, the Council has sufficient match funding to meet the minimum contribution set by government.
22. As with social housing, private landlords would also be required to contribute a minimum of 33% and claim a maximum of £5,000. This would mean the cost to landlords would still average £5,000 if receiving external wall insulation. With strict deadlines in place, the inclusion of private sector rented properties would increase the risk of under-delivery. A greater level of resource and time is required to develop the grant offer for the private rented sector, which should be supported by the GHG Voucher scheme instead. In order to meet the deadlines and funding terms, this phase of LAD funding will concentrate on homeowners and social housing.
23. The allocation for LA delivery includes up to 10% (this proportion will be confirmed in the programme documents) that can be used for revenue purposes, such as management of the project, surveys, EPC's and data sourcing, legal, finance, administration and other ancillary costs.
24. In order to meet the funding terms, while maximising the benefits to the housing capital programme, it is proposed to allocate the £2m as follows:
 - a. £750,000 towards the cost of the Council's social housing thermal improvement programme. This would deliver £5,000 match to 150 homes receiving external wall insulation between May and December 2021.
 - b. £1,050,000 towards the cost of energy efficiency measures in privately owned homes, with a focus on providing a minimum of external wall insulation. This would deliver an average of £10,000 grant to 105 homes between May and December.
 - c. £200,000 towards the cost of project management and ancillary costs. Of which;
 - i. £82,500 for project management.
 - ii. £117,500 for ancillary costs (surveys, EPC's, property adaptations, asbestos surveys and removal, loft clearing and other preparatory works).
25. 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.

26. The timing of this scheme, as with Phase 1A and 1B, still has a tight timeframe for marketing, signing up customers, mobilisation and delivery, and presents a significant challenge but not one that seems unachievable. Works can commence from the 1st May and all works have to be completed by 31st December 2021.
27. Through Tees Valley Combined Authority (TVCA), the NEYH Energy Hub will receive an allocation of £52.67m, to provide capital and revenue funding to all 31 Local Authority areas in the Hub geography.
28. The primary funding to the Hub capital funding distributed by Section 31 of the Local Government Act 2003. The funding must therefore be used in line with section 11 of the Local Government Act 2003, for example for the creation of an asset or the modification or improvement of an existing asset.
29. Grant payments will be made monthly in advance, in line with the agreed LA delivery profile, and grant funding claims will be made by LA's monthly against an agreed timetable.
30. A preferred contractor has already been selected, following a mini-competition via Fusion21 framework, as this was required for LAD 1A. Everwarm Ltd will deliver the works to private homes on behalf of the Council.
31. There are further opportunities for procuring additional resources for this programme as a result of Barnsley Council's creation of a Dynamic Purchasing System (DPS). The DPS has already started to attract more local contractors and will give good opportunity for local job creation.
32. These additional funds, if successfully applied for, will provide greater continuity to a programme of works which heavily relies on such an approach.
33. The proposal to focus the grant funds on the homes of low income households is of course a grant condition, but in order to make the greatest impact and achieve the greatest value from these works, it is proposed to focus on external wall insulation. The cost of these works are beyond what a low income household could fund themselves, yet it is an essential piece of work that will enable the property to accept a low carbon heating system to work properly in the future.
34. The sporadic nature of a private sector scheme, working to a qualifying criteria, presents a number of challenges compared with a community based scheme or social housing scheme. While it is the intention of the Council to support as many people across Doncaster as possible, the grant funding level is small in comparison to what is required, and the sporadic nature takes more time and resource to deliver. Until the criteria is changed, or an 'offer for all' is introduced, we will continue to target resources at those most in need.

35. 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. 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).
36. Please note residents can only receive a grant for LAD or GHG Vouchers, they cannot benefit from both.

OPTIONS CONSIDERED

37. Option 1 – Do not bid
 - a. Excluding the Council from this funding opportunity limits the potential for the Council to take its fair share for Doncaster residents.
 - b. 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.
 - c. Phase 2 would allow delivery of the same type of works and qualifying homes from May 2021, with an end date of 31st December. The absence of Phase 2 would have a major impact on momentum. The supply chain, the Council has worked hard to secure, would be lost.

REASONS FOR RECOMMENDED OPTION

38. The deadline for accepting the funding does not allow for 28 days' notice to be given, if the decision was sought post funding award.
39. The Council has already submitted two successful bids for this type of work. A third will enable the Council to direct resources in the most impactful and beneficial way and maximize the outcomes for some of Doncasters' most vulnerable households.
40. A third successful bid would enable the Council to seek greater social value from its contract, create job and apprentice opportunities as a result of giving continuity of delivery and security to the supply chain.
41. This will be the first of many housing retrofit schemes which helps move the borough towards its net zero carbon emissions objectives.
42. 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

43.

	Outcomes	Implications
	<p>Doncaster Working: 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"> • Better access to good fulfilling work • Doncaster businesses are supported to flourish • Inward Investment 	<p>A further successful bid will bring inward investment and potential for job creation.</p>
	<p>Doncaster Living: 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"> • The town centres are the beating heart of Doncaster • More people can live in a good quality, affordable home • Healthy and Vibrant Communities through Physical Activity and Sport • Everyone takes responsibility for keeping Doncaster Clean • Building on our cultural, artistic and sporting heritage 	<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>Doncaster Learning: 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"> • Every child has life-changing learning experiences within and beyond school • Many more great teachers work in Doncaster Schools that are good or better • Learning in Doncaster prepares young people for the world of work 	

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

RISKS AND ASSUMPTIONS

44. The timing and criteria for a Phase 2 scheme makes it challenging to deliver by 31st December 2021.
- a. The Council has procured a preferred contractor who has already started to mobilise for Phase 1A.
 - 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. The works are weather dependent and, although we should be working in the dryer seasons, weather will no doubt interrupt the works at times.
 - c. Planning permission may be required for the external wall insulation on some properties. If so, that may make delivery even more challenging.
 - d. In addition to our strong community connections and use of intelligence data, (COVID restrictions permitting) 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. By allocating around 41% of the capital budget to match funding works being undertaken on social housing, for which we have greater control of a work programme, will spread the risk of under-delivery, and although this may mean slightly less delivery in privately owned homes it would reduce the risk of any clawback of funds should the project underspend.
45. 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.
 - c. The LAD funding will initiate a programme of works delivering high value works to low income residents who are unable to afford them. This is a small scheme, but it is very worthwhile.
46. Works are not completed and monies are not defrayed by the 31st December 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. 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.*

LEGAL IMPLICATIONS [Officer Initials NJD Date 11/02/21]

47. 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.
48. The Council will be asked to enter into a funding contract with Government. The funding contract is likely to set out delivery measures and the money provided must be used in accordance with the terms and conditions of the funding contract.
49. 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 subsidies) when administering the funding. Failure to comply with such terms may lead to claw back.
50. The Council has appointed a provider to deliver the works which will be

required. The appointment was made 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.

51. 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.
52. 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.
53. Further legal advice and assistance will be given as the scheme progresses.

FINANCIAL IMPLICATIONS [Officer Initials OB Date 17/02/21]

54. Approval is sought for the Council to bid for and, if successful, to accept £2m from the governments Phase 2 of the LAD scheme. The council has been successfully awarded phases 1a and 1b of the scheme. Phase 2 of the scheme will this time be co-ordinated through the five government Energy Hubs, for which Doncaster sits in the North East Yorkshire & Humber (NEYH) Energy Hub. A full application and business case to support the delivery of the Doncaster allocation is required.
55. There isn't a MoU available at this stage. An ODR will be required to set out the details of the scheme when full details of the grant award and the terms and conditions are known. The report recommends that authority is delegated to the Director of Economy and Environment, in consultation with the Section 151 Officer and the Portfolio Holder for Housing and Equalities to agree the terms and conditions of the MOU.
56. It is expected that the grant will be restricted to funding capital expenditure and the relevant amounts will be added to the Economy and Environment (Housing) section of the capital programme on approval of the ODR.
57. The funding period is up to 31st December 2021 and if there is any underspend at the end of the programme, it is anticipated that BEIS and the Council will work together to agree any unspent Grant funding in line with the expected outcomes of the GHG LAD.
58. It is proposed to allocate the £2m as follows:
 - a. £750,000 towards the cost of the Council's social housing thermal improvement programme. This would deliver £5,000 match to 150 homes receiving external wall insulation between May and December 2021.
 - b. £1,050,000 towards the cost of energy efficiency measures in privately owned homes, with a focus on providing a minimum of external wall insulation. This would deliver an average of £10,000 grant to 105 homes between May and December.
 - c. £200,000 towards the cost of project management and ancillary

costs. Of which:

- i. £82,500 for project management.
 - ii. £117,500 for ancillary costs (surveys, EPC's, property adaptations, asbestos surveys and removal, loft clearing and other preparatory works).
59. It is expected that the Energy team will co-ordinate the bid, manage the project and make the relevant returns. Any revenue expenditure relating to delivery of the scheme which meets the funding guidance would need to be transferred to the capital programme.

HUMAN RESOURCES IMPLICATIONS [Officer Initials AA Date 16/02/21]

60. There are no direct HR Imps in relation to this report, 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 09/02/21]

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

HEALTH IMPLICATIONS [Officer Initials KH Date 09/02/21]

62. 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.
63. 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.

64. 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.
65. 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.
66. Those who are most likely to experience inequalities or be most affected by a cold home can also be the harder to reach- this could be due to communication barriers, confidence and lack of trust, and difficulties “navigating the system”. Often, communities and individuals most in need of an intervention are those least able to access it- this can create inequalities. We recommend that measures are put in place that ensure that residents are engaged and included. This may mean that communication methods are adapted and accessible (for example ensuring people are not digitally excluded) and that trusted sources are utilised to reach the most vulnerable. The benefit of this approach is that the resources will be utilised more effectively and will provide best value for money for local people.
67. 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 05/02/21]

68. 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

69. Mayor – Ros Jones

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

BACKGROUND PAPERS

70. n/a

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

BEIS – Department for Business, Energy & Industrial Strategy

NEA – National Energy Action

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