

Report to Executive

Agenda
Item:
A.11

Meeting Date: 13 January 2021
Portfolio: Economy, Enterprise & Housing
Key Decision: Yes (KD.37/20)
Policy and Budget Framework: No
Public / Private: Public

Title: Green Homes Grant LAD Phase 1b
Report of: Corporate Director of Governance and Regulatory Services
Report Number: GD.01 /21

Purpose / Summary:

A report informing the Executive of the City Council's application to the Green Homes Grant local authority delivery (LAD phase 1 b). The City Council has applied for £1,150,000 Green Homes Grant funding to address fuel poverty and improve energy efficiency and carbon savings in at least 100 private sector properties.

Recommendations:

The Executive:

1. If successful to accept the award from Department for Business Energy and Industrial Strategy (BEIS) for the Green Homes Grant local authority delivery (LAD phase 1 b)
2. Delegate authority to the Corporate Director of Governance and Regulatory Services to deliver activities and services funded by the grant in accordance with the Memorandum of Understanding between the City Council and Secretary of State for Business, Energy and Industrial Strategy.

Tracking

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|------------|-----------------|
| Executive: | 13 January 2021 |
| Scrutiny: | |
| Council: | |

1. BACKGROUND

1.1 In July 2020, the Chancellor announced £2 billion of support through the Green Homes Grant (GHG) to save households money; cut carbon; and create green jobs. Along with a voucher scheme directly available to households' local authorities were entitled to apply for delivery schemes (LAD). The City Council did not apply for the first round of GHG delivery grants due to the tight application timetable and that the delivery offer was covered by grants offered already by the Council. In December 2020 the Council did decide to apply for the second round of the Local Authority Delivery Scheme (LAD Phase 1B).

1.2 The primary purpose of the LAD is to raise the energy efficiency rating of low income and low Energy Performance Certificate (EPC) rated households (those with E, F or G, although D is also in scope), this is expected to result in the following outcomes:

- a. Tackle fuel poverty by increasing low-income household's energy efficiency rating while reducing their energy bills;
- b. Deliver cost effective carbon savings to carbon budgets and progress towards the UK's target for net zero by 2050.
- c. Support clean growth and ensure homes are thermally comfortable, efficient, and well-adapted to climate change.
- d. Support economic resilience and a green recovery in response to the economic impacts of Covid-19, creating thousands of jobs; and
- e. Use learnings from the delivery experience to inform the development and design of further energy efficiency and heat schemes.

1.3 The City Council applied on the 3rd December 2020 to request funding to support low carbon energy efficiency and heating for 100 private sector homes. Carlisle City Council bid for £1 million (plus 15% administration) to address fuel poverty and improve energy efficiency in at least 100 private sector properties based on an estimate £10,000 average retrofit cost per property. Data from the Cumbria Observatory, the open source Landmark EPC register (August 2020) and a recent BRE Housing Stock Modelling Report enables us to target wards and properties that meet the criteria for this funding. In broad terms Carlisle has over 2,250 owner-occupied and over 700 privately rented properties which have an EPC rating of E, F or G and capable of achieving a minimum C Rating.

1.4 Funding to owner occupied Eligible Households will cover the full cost of upgrading a home with most upgrades expected to cost no more than £10,000 per property. Landlords eligible for funding (private and social) would provide at least 33%

contribution towards the cost of the upgrades and we do not expect the subsidy to exceed £5,000 on average per household.

- 1.5** The Local Authority Delivery (LAD Phase 1B), is due to commence on 29 January 2021 and has a delivery deadline of 30 September 2021. It is anticipated that the success of the bid and any award will be known around early to mid-January 2021.

2. PROPOSALS

- 2.1** If accepted Carlisle City Council will use the GHG in 100 private sector properties to improve fuel poverty and improve energy efficiency and carbon savings. The project will be delivered by the Homelife HIA, with assistance from the Housing and Pollution team, under a Memorandum of Understanding with Secretary of State for Business, Energy and Industrial Strategy.
- 2.2** If the Bid is successful it is proposed that the Executive accept the award from Department for Business Energy and Industrial Strategy (BEIS) for the Green Homes Grant local authority delivery (LAD phase 1 b).

3. RISKS

- 3.1** There are no penalties associated with an underspend, and should the Department for Business Energy and Industrial Strategy (BEIS) and the City Council be unable to agree how any unspent grant funding will be used, in line with the expected outcomes of the Green Homes Grant, Local Authority Delivery, the City Council would repay the unspent grant, which will be reflected in the Memorandum of Understanding that would be required for the acceptance of the Grant.
- 3.2** The following risks have been identified in the delivery of the scheme:
- a. Installations not meeting quality standards – a procurement exercise will ensure the competency of contractors.
 - b. Claims made for installations that haven't happened, haven't been completed, or that took place prior to launch date of the scheme - approval required before works commence and delivery through approved contractors.
 - c. Identity theft or falsely claiming low-income status – administrative checks on eligibility.
 - d. Installers overinflating costs – procurement exercise and prior approval of contractors.
 - e. Insufficient demand from potential recipients – demand identified but no penalty for underspend.

- f. Insufficient capacity to match demand – prior approval required before works commence so budget management will cover approved works.
- g. Failure of systems and/or processes which have been included within the Risk Register – project will have its own project management framework including risk register. Monthly reporting on the project is required to be made to BEIS.

4. CONSULTATION

- 4.1** Prior to the application the City Council consulted with the Local Authority Delivery Unit of the Department for Business Energy and Industrials Strategy (BEIS) who oversee the LAD schemes.
- 4.2** The City Council's Grants and External Funding Procedure provided the structure for the consultation process with the: Leader; Portfolio Holder for Economy, Enterprise & Housing; the Corporate Director of Governance and Regulatory Services; the Corporate Director of Finance and Resources, and the Funding Officer, who were all consulted on the application process.
- 4.3** As the decision by the Government to award the Grant may have been made in early January before the Executive meeting, and with the possibility that BEIS would require a short acceptance period, a Leaders Decision is ready to approve acceptance of the grant award, this will only be used if the timetable requires acceptance before this Executive meeting.

5. CONCLUSION AND REASONS FOR RECOMMENDATIONS

- 5.1** Carlisle has over 2,250 owner-occupied and over 700 privately rented properties which have an EPC rating of E, F or G but which are capable of achieving a minimum C Rating. The Green Homes Grants will allow the Council to improve about 100 of these properties saving the occupiers money and reducing the properties carbon footprints.

6. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

- 6.1** Address current and future housing needs to protect and improve residents' quality of life.
- 6.2** Support business growth and skills development to improve opportunities and economic prospects for the people of Carlisle.

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Appendices None
attached to report:

Note: in compliance with section 100d of the Local Government Act 1972 the report has been prepared in part from the following papers:

- None

CORPORATE IMPLICATIONS:

LEGAL – Expenditure of the grant must not only be in accordance with the terms and conditions of the said grant but also comply with the Council's decision-making framework, the contract procedure rules and the financial procedure rules

PROPERTY SERVICES – No Property Implications

FINANCE – The City Council has bid for capital grant funding of £1,150,000 to deliver Phase 1B of the Green Homes Grant Local Authority Delivery; £1million to fund the eligible improvements and £150,000 (15%) to cover administration costs. There is no match funding requirement of the Council and if the bid is successful and approval to accept the award is given, the capital programme (2020/21 and 2021/22) will be increased. The Funding Period will run from the date of the agreement to the 30 September 2021. Any capital grant unspent at the end of the Funding Period may be subject to repayment if the Council and the Secretary of State for Business, Energy and Industrial Strategy cannot reach agreement on how to spend any unused funds.

EQUALITY – No comment

INFORMATION GOVERNANCE – As with the issuing of all Grants, the Council must review the eligibility and information sharing process alongside the data protection principles, to ensure compliance with Data Protection Legislation.