

Title of report: Acceptance and Implementation of Green Homes Grant Local Authority Delivery Phase 2 (GHG LAD 2) fund project

Decision maker: Cabinet member for Environment and Economy

Decision date: 16 June 2021

Report by: Marches sustainable energy project manager

Classification

Open

Decision type

Key

Notice has been served in accordance with Part 3, Section 9 (Publicity in Connection with Key Decisions) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

Wards affected

(All Wards);

Purpose

The report seeks approval for the Council to accept Green Homes Grant Local Authority Delivery Phase 2 (GHG LAD 2) capital funding of up to £1,460,600 via the signing of a Grant Letter agreement with the Midlands Energy Hub.

This funding will be used to enable an estimated 134 fuel poor households across Herefordshire to be supported with home energy efficiency and renewable heating measures.

Recommendation(s)

That:

- a) **The Council signs the Grant letter with the Midlands Energy Hub (MEH) for up to £1,460,600 GHG LAD 2 grant funding and delivery of the project across Herefordshire;**
- b) **the scheme criteria set out in paragraphs 8 to 15 of this report be approved; and**
- c) **The Assistant Director for Regulatory, Environment and Waste Services be authorised to take all operational decisions necessary to implement.**

Alternative options

1. Not to accept or part accept the grant funding.
2. This is not recommended as this would make it difficult for Herefordshire fuel poor households to receive support at the levels stated within the bid, as other funding streams alone are likely to result in significant funding shortfalls for fuel poor households.
3. This will result in a risk of not achieving the council's strategic objectives within the County Plan 2020 – 2024 and Health & Wellbeing Strategy and will not make progress towards the Council's 2030 net zero carbon ambition for the county.

Key considerations

4. Fuel poverty remains a significant issue in Herefordshire, with an estimated 13,902 households thought to suffer from fuel poverty across the county (BEIS, 2020).
5. Fuel poverty levels in the county are a result of a combination of low incomes, above average numbers of older, 'hard to treat' properties and poor coverage of the mains gas network, due to rurality.
6. Many homes in the county therefore rely on expensive heating fuel systems and as a result have poor energy efficiency ratings and high relative greenhouse gas emissions. There are an estimated 60,000 properties Energy Performance Certificate (EPC) rated D to G (Building Research Establishment 2019) in Herefordshire.
7. The GHG LAD 2 scheme aims to raise the energy efficiency of low-income and low EPC rated homes including those living in the worst quality off-gas grid homes, delivering progress towards: reducing fuel poverty, the phasing out of high carbon fossil fuel heating and the UK's commitment to net zero by 2050. The fund also aims to support the green recovery in response to the economic impacts of Covid-19 and to help take low-income families out of fuel poverty.
8. Customer journey support will be provided by Severn Wye Energy Agency (SWEA), due to them already providing a similar service, which is commissioned by the council directly called Keep Herefordshire Warm. This support is funded directly by MEH and is therefore at no extra cost to the council.
9. SWEA will assist regionally, inform citizens of the process and provide a single point of contact and support. SWEA will check household eligibility, answer questions on the scheme and energy efficiency measures, register any complaints as well as provide additional support to help tackle fuel poverty.
10. Local Authorities are responsible for delivering their allocation including submitting a proposal and identify areas for the customer journey support to target.
11. Timescales and deadlines for the project are outlined in the grant letter as follows:

Date	Event/Deadline
1 March 2021	Grant Award letters issued
12 April 2021	MEH DPS goes live
12 April 2021	Customer journey support in place
15 April 2021	Deadline to sign grant award letter and enable release of mobilisation payment
02, 30 April & 24 May 2021	1 st , 2 nd and 3 rd proposal deadlines (see 9.)

31 December 2021	Delivery completed
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12. The project proposal, to be submitted to MEH following acceptance of grant, is currently being developed, however the following project approach is envisaged:
- Household eligibility will be based on:
 - i. EPC rating of properties - only D, E, F or G homes will qualify with the exception of Park Homes, which do not require an EPC.
 - ii. Where no EPC exists, homes will be pre-assessed by SWEA via the method established in the Herefordshire's Statement of Intent for the Energy Company Obligation (ECO) Flexible Eligibility scheme in which scoring is attributed to household characteristic and a threshold is set for eligibility. Pre-install EPCs will then be commissioned and funded through the project budget.
 - iii. Combined household income of no more than £30k gross, before housing costs, and linked to either:
 1. Existing ECO means-tested benefits as a proxy or
 2. Use existing Council set and publicised criteria and processes to gather evidence of household income. These are set out in the council's Statement of Intent (Appendix C).
 - The project will aim to fund energy efficiency and renewable heating measures across tenures from the social and private rented sectors to privately owned households and park homes. We are currently engaging with partners from these sectors to identify eligible properties and maximise delivery potential.
 - Project promotion and targeting is planned via the following routes:
 - i. Targeted social media posts through SWEA and informed by compiled data such as deprivation, fuel poverty, energy performance of property and fuel type;
 - ii. Existing networks and established referral routes, such as Herefordshire Talk Community Social Prescribing teams and Energy Advocate officer roles as well as Herefordshire Affordable Warmth Network partners such as housing associations, Fire & Rescue service and community organisations.
 - iii. Information and leaflet distribution through Parish Councils and in Council planned mail-outs and private landlord correspondence.
13. As per the current GHG LAD 1a project, installed measures are expected to focus on replacing broken and inefficient heating systems, particularly in off-gas areas with renewable air source heat pump (ASHP) systems as well as installing internal and external solid wall insulation (SWI), double glazed windows and insulated doors. These measures are often not feasible under present funding and are measures that complement each other from a whole-house perspective, which is a central ambition of the proposed scheme.
14. The project will also look to incorporate other eligible measures as allowed under the scheme and where suitable for the properties and households identified. Eligible measures are any energy efficiency and heating measures compatible with the Standard Assessment Procedure (SAP) that will help improve EPC band D, E, F or G rated homes. This includes, but is not limited to, measures such as wall, loft and underfloor insulation, as well as low carbon technologies and solar photovoltaics.
15. Fossil fuel heating systems are not an eligible measure through the scheme i.e. gas, oil, LPG and solid fuel systems.

16. At this point it is proposed that the council takes up the full amount of funding allocated and targets 134 households at an average of £10,000 per home across the project.
17. The proposed procurement approach for this project is as follows:
 - Variation of existing GHG LAD 1a installer contract in order to deliver additional Air Source Heat Pumps, Solid Wall Insulation, improved doors and windows pending contract performance, negotiations, commercial services/legal consultation and governance approvals;
 - Tender exercise to be run using Midlands Energy Hub (MEH) Dynamic Purchasing System (DPS) once operational for measures out of scope of the existing GHG LAD 1a contract. We envisage that local installers could be sign-posted to this DPS and the relevant tender exercise would incorporate the Council's social value procurement principles in order to encourage these suppliers to tender for work on the project.
18. £120,600 of allocated funding is designated for administration and ancillary costs for the following, some of which would be capitalised, for example preparatory building works:
 - Project management, reporting, administration, and governance costs;
 - Building works to prepare for install – for example if there are issues with the walls that need to be rectified prior to insulation being applied;
 - Retrofit coordinator training costs; and
 - Resident targeting, low-income verification and sign-up including lead generation and
 - Communication activities.
19. It is envisaged that some of these works would be tendered for, either as part of the main procurement (see 14a and b) or through the professional services part of the MEH DPS that covers retrofit assessments and energy performance certificates (EPCs).
20. Evaluation of the scheme will be facilitated by BEIS, with appropriate data sharing arrangements put in place to facilitate this as per the current GHG LAD 1a project.

Community impact

21. In accordance with the adopted code of corporate governance, Herefordshire Council is committed to promoting a positive working culture that accepts and encourages constructive challenge and recognises that a culture and structure for scrutiny are key elements for accountable decision making, policy development and review.
22. This project will contribute towards the following local and regional strategic priorities, targets and legislation:
 - Herefordshire Council County Plan (2020-24)
 - i. Environment - Protect and enhance our environment and keep Herefordshire a great place to live
 - ii. Improve the energy efficiency of homes;
 - iii. Community - Strengthen communities to ensure that everyone lives well and safely together;
 - iv. Reduce the number of households living in fuel poverty.

- v. Economy - Support an economy which builds on the County's strengths and resources
 - Spend public money in the local economy wherever possible.
 - Herefordshire Council Corporate Delivery Plan 2020-2022
 - i. EN4.2: Develop new domestic building retrofit programmes to further improve the energy efficiency of Herefordshire's housing stock, reducing carbon emissions, improving wellbeing and tackling fuel poverty.
 - Herefordshire Health & Wellbeing Strategy
 - i. Priority three - For older people (quality of life, social isolation, fuel poverty);
 - ii. Priority four - Impact of housing (fuel poverty and poverty and the impact on health & wellbeing).
 - Executive Response to the Climate Emergency;
 - Air Quality Strategy for Herefordshire and Worcestershire.
23. The funding aims to support low income households living in the least energy efficient homes (those rated EPC Band E, F or G). LAD will upgrade homes delivering progress towards:
- The statutory fuel poverty target for England
 - The phasing out of the installation of high-carbon fossil fuel heating and reducing air quality emissions
 - The UK's target for net zero by 2050

Environmental Impact

24. This decision / proposal seeks to deliver the council's environmental policy commitments and aligns to the following success measures and priorities in the County Plan.
- Reduce the council's carbon emissions;
 - Work in partnership with others to reduce county carbon emissions;
 - Improve the air quality within Herefordshire;
 - Improve residents' access to green space in Herefordshire;
 - Improve energy efficiency of homes.
 - En3- Build understanding & support for sustainable living;
 - En4- Invest in low carbon projects;
25. The Council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.

26. This proposal seeks to deliver the council's environmental policy commitments and aligns to the following success measures in the County Plan by:
 - a. Working in partnership with project partners to reduce county carbon emissions by the installation of energy efficiency and heating measures in fuel poor homes
 - b. Improve the air quality within Herefordshire by replacing fossil fuel heating systems such as oil and LPG as well as reducing emissions through reduced energy use.
27. The environmental impact of this proposal has been considered through the service specification and includes appropriate requirements on the contractor/delivery partner to minimise waste, reduce energy and carbon emissions and to consider opportunities to enhance biodiversity. This will be managed and reported through the ongoing contract management. The commissioning will aspire to utilise local suppliers, improve local air quality and reduce energy usage.
28. The development of this project has sought to minimise any adverse environmental impact and will actively seek opportunities to improve and

Equality duty

29. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to –

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
30. The public sector equality duty (specific duty) requires us to consider how we can positively contribute to the advancement of equality and good relations, and demonstrate that we are paying 'due regard' in our decision making in the design of policies and in the delivery of services. Our providers will be made aware of their contractual requirements in regards to equality legislation.
 31. By adopting the proposal the council is being proactive in discharging its equality duty as the scheme will target fuel poor households, many of which will share a protected characteristic for example elderly and/or disabled residents. The proposal will also ensure that householders are treated equitably when seeking to access the

Resource implications

32. Resource implications to the council will be met through existing officer time and will be supported by the £120,600 of allocated funding designated for administration and ancillary costs.
33. There are no IT or HR implications from this project.
34. There is no capital match contribution required from the council;

35. As these are grants awarded to household improvements across the County there are no ongoing revenue implications to the Council. This is fully funded from the external grant awarded to the Council.

Revenue or Capital cost of project	2021/22	Future Years	Total
Capital measures funding for project to be paid to procured installers	£1,340,000	-	£1,340,000
Associated revenue costs- administration, home energy surveys (EPCs) etc.	£120,600	-	£120,600
TOTAL	£1,460,600	-	£1,460,600

Legal implications

36. As with all grant funding accepted particular care should be taken to ensure that all grant conditions are understood (including those relating to clawback) and met during the project. The use of the DPS to commission the works is permissible under the Public Contracts Regulations 2015.

Risk management

37. Accepting GHG LAD Funding and project implementation will help to mitigate against fuel poverty in Herefordshire as well as reducing household carbon emissions. This could have a wide variety of benefits to householders such as reduced fuel bills, warmer and healthier homes as well as showing leadership from both Herefordshire and Shropshire councils in this area and could lead to further opportunities to leverage funding.
38. If funding is not accepted then Herefordshire Council and its existing partners in this area will continue to support fuel poor households and carbon reduction through advice and access to other funding streams as well as exploring opportunities for additional funding for related activity and measures.

Risk / opportunity	Mitigation
The council is responsible for ensuring grant funds are allocated in line with the terms of the Grant letter.	Appropriate MoUs, project management and procurement put in place with partners to ensure they are working to the same terms of funding.
Putting appropriate delivery mechanisms in place in order to realise targets	Existing GHG LAD 1a contract to be varied if viable and service/value for money maintained to ensure continuity, while measures outside of scope are procured through MEH Dynamic Purchasing System (DPS)
Demanding delivery timescales and identification of suitable properties	Council and partners to identify potentially eligible and suitable properties in advance of delivery via awareness raising, targeting and stakeholder (private/social landlords, householders) engagement.
More households identified through project than available funding	Keep Herefordshire Warm/Customer journey partners will work with these households to identify if measures can be funded outside of the project. Additional funding may become available in early 2022 through the central government Home Upgrade Grant (HUG).

These risks will be managed at service level and reviewed via monthly project meetings.

Consultees

39. The project proposal was developed in conjunction with project partners, Severn Wye Energy Agency, local social and private housing providers.
40. The Cabinet Members for Housing and Regulatory services, Environment and Economy have been briefed and are supportive of the proposal As a result of this additional consideration has been given to ensuring social value and evaluation of the scheme.
41. Political group consultation has taken place and those that responded were supportive of the proposals

Appendices

Appendix A - MEH LAD 2 Grant Letter Herefordshire

Appendix B - MEH LAD 2 Guidance

Appendix C - Flexible Eligibility Statement of Intent for Herefordshire

Background papers

None identified

Please include a glossary of terms, abbreviations and acronyms used in this report

- Green Homes Grant Local Authority Delivery (GHG LAD)- Government funded scheme to raise the energy efficiency of low-income and low EPC rated homes including those living in the worst quality off-gas grid homes, delivering progress towards: reducing fuel poverty, the phasing out of high carbon fossil fuel heating and the UK's commitment to net zero by 2050. The fund also aims to support the green recovery in response to the economic impacts of Covid-19 and to help take low-income families out of fuel poverty.
- Department for Business Energy & Industrial Strategy (BEIS) - Central Government department responsible for business, industrial strategy, science, research and innovation, energy and clean growth, climate change.
- Midlands Energy Hub (MEH) - Government funded, cross Midland LEP support organisation to identify and deliver local energy strategies and projects.
- Keep Herefordshire Warm (KHW)- Herefordshire Council commissioned affordable warmth service offering advice and support to residents, provided by Severn Wye Energy Agency (SWEA).
- Air Source Heat Pump (ASHP)- Renewable heating technology that utilises an electric heat pumps to generate heat from external air in order to heat buildings and water.
- Solid Wall Insulation (SWI)- Insulation material that is applied onto the inside or outside of a building to reduce heat loss.
- Memorandum of Understanding (MoU)- Agreement between project parties to set out working relationships and procedures.
- Dynamic Purchasing System (DPS)- Public procurement compliant framework like agreement onto which suppliers can join up to at any time providing they meet set criteria by the managing organisation (MEH)
- Building Research Establishment (BRE)- Independent organisation concerned with improving the quality and sustainability of buildings through research.
- Energy Performance Certificate (EPC)- Certificate issued by an independent energy assessor , which represents the energy performance of the building (asset) based on its fabric and installed building services (heating, cooling, ventilation and lighting) only.
- Standard Assessment Procedure (SAP)- methodology used by the Government to assess and compare the energy and environmental performance of dwellings. Its purpose is to provide accurate and reliable assessments of dwelling energy performances that are needed to underpin energy and environmental policy initiatives (<https://www.gov.uk/guidance/standard-assessment-procedure>, 10/05/21)
- Energy Company Obligation scheme (ECO)- UK Government energy efficiency scheme to help reduce carbon emissions and tackle fuel poverty.