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<b>REPORT TO:</b>	<b>HOUSING AND COMMUNITY SERVICES COMMITTEE</b>	<b>AGENDA ITEM: 6</b>
<b>DATE OF MEETING:</b>	<b>28<sup>th</sup> JANUARY 2021</b>	<b>CATEGORY: RECOMMENDED</b>
<b>REPORT FROM:</b>	<b>STRATEGIC DIRECTOR - SERVICE DELIVERY</b>	<b>NO: Not Exempt</b>
<b>MEMBERS' CONTACT POINT:</b>	<b>MATT HOLFORD – HEAD OF ENVIRONMENTAL SERVICES</b>	<b>DOC:</b>
<b>SUBJECT:</b>	<b>GREEN HOMES GRANT – LOCAL AUTHORITY DELIVERY PHASE 1B</b>	<b>REF:</b>
<b>WARD(S) AFFECTED:</b>	<b>All</b>	<b>TERMS OF REFERENCE: HCS02</b>

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## **1. Recommendations**

- 1.1 That the Committee approves the proposed Allocation Policy for the Green Homes Grant – Local Authority Delivery Scheme Phase 1b.

## **2. Purpose of Report**

- 2.1 To advise the Committee of the content of a bid made to the Department for Business, Energy & Industrial Strategy (BEIS) to invest in the housing stock in South Derbyshire under the Green Homes Grant – Local Authority Delivery Scheme Phase 1b (GHG – LAD Phase 1b).
- 2.2 To seek Committee approval for an Allocation Policy to prioritise the allocation of any GHG – LAD funding if it is approved by BEIS and in the event of demand exceeding the funding.

## **3. Background**

- 3.1 The GHG – LAD Scheme was launched in September 2020 to save households money, cut carbon and create green jobs. GHG – LAD Phase 1 allocated £200million to local authorities to co-ordinate improvements to all housing tenures. A further bidding round with a total fund allocation of £300million will be initiated in early 2021.
- 3.2 In October 2020, South Derbyshire District Council, in collaboration with Derbyshire County Council, Chesterfield District Council, Derby University and Low Carbon Homes, ran an on-line event to promote low carbon retrofit in the residential sector in order to promote local green economic recovery. The Council has shown a clear desire to support this workstream.
- 3.3 The Council did not submit a Phase 1 bid. The reasons for this were as follows:
  - There was a relative paucity of information about the local housing stock to enable the development of a good evidence base to support a bid;

- It needed to be submitted within three weeks, which did not give enough time for the development of a coherent bid;
- All of the works in the Phase 1 project needed to be completed by 31st March 2021 and there was a minimum bid of £500,000. Anecdotal information from the limited number of contractors who are qualified to carry out the work strongly suggested that there was insufficient capacity in the market to carry out this scale of work in this timescale.
- It was not clear whether any of the local contractors who met the qualifying criteria to carry out retrofit works were available to the Council under the Council's procurement arrangements.

3.4 At the close of the Phase 1 bids, £76million had been allocated. Due to the low take-up of the scheme BEIS launched a Phase 1b scheme with a reduced minimum bid (£250,000) and a longer delivery timescale (end September 2021).

3.5 Following approval by the Council's Senior Leadership Team, the Council submitted a bid for £586,500 for GHG – LAD to Phase 1b funding to meet the government's deadline of 4 December.

#### **4. GHG – LAD Phase 1b Scheme Details**

4.1 Homes that qualify for funding assistance under the Scheme must meet the following criteria;

- They must have an Energy Performance Certificate (EPC) rating of D to G, although the scheme will favour those rated E to G.
- Qualifying households must have a combined household less than £30,000.
- The scheme favours interventions in properties which are 'off-gas' (i.e. not on the gas network).

4.2 The Scheme offers the following funding;

- The eligible measures are any energy efficiency and / or heating measures compatible with the government's Standard Assessment Procedure (SAP) for energy performance. This includes but is not limited to wall, loft and floor insulation, low carbon technologies such as air and ground source heat pumps and solar photovoltaics. Fossil fuel heating systems are not permitted.
- The work must bring the property up to an EPC of C.
- The funding will provide up to £10,000 per owner occupied property (taken as an average of all interventions). For private rented or social rented properties, the funding is up to £5,000 per property with the expectation that the landlord contributes a third of the cost.

#### **5. South Derbyshire GHG – LAD Phase 1b bid**

5.1 South Derbyshire District Council completed a comprehensive, desktop housing stock condition survey in 2019 which obtained property level data of all 44,210 properties on the District.

- 5.2 This dataset identified that 23,723 properties in South Derbyshire (53.7%) have a current EPC rating. A total of 4,288 (18.1%) of current EPC ratings are in the range E to G of which 67.6% are owner occupied (2,900), 26.1% are rented (1,119), 6.3% are social housing (269).
- 5.3 Of the 4,019 owner-occupied and rented properties with an EPC rating of E to G, 877 owner-occupied and 444 private rented are in locations which are categorised as falling within an IMD deprivation decile 1 to 5. 125 of these properties are assessed as being 'likely' to 'extremely likely' to contain a category 1 hazard for excess cold under the Housing Health and Safety Rating Scheme.
- 5.4 The highest numbers of properties with an EPC rating of E to G and in deprivation decile 1 to 5 are in the following postcode areas:
- DE11 0SQ – Parliament Street, Newhall
  - DE11 7DX – Station Road, Woodville
  - DE11 8DQ – Moira Rd, Woodville
  - DE11 9EG – Swadlincote Lane, Church Gresley
  - DE11 9NB – Oxford Street, Church Gresley
  - DE12 6RF – Coton Park, Linton
- 5.5 22.5% of the housing stock in South Derbyshire is defined as 'off-gas' including high numbers in the four wards within which the six postcode areas above are located.
- 5.6 The District also contains a relatively high number of park homes, many of which are occupied by low income households in off-gas locations. The Council does not have metrics of the existing EPC ratings or probable Category 1 excess cold hazards in this cohort or properties, but officers' experience of this group suggests a probable high level of fuel poverty.
- 5.7 The biggest limitation to the bid submission appeared to be the capacity of local energy efficiency companies which met both the standards required by BEIS and the Council's own procurement rules, to deliver the work within the very tight timeframes required. All of the work funded under GHG – LAD Phase 1b must be complete by 30<sup>th</sup> September 2021.
- 5.8 Based on initial scoping discussions with local providers, it is understood that the market has the capacity to deliver the following improvements within the timescale of the project:
- 30 External Wall Insulation installations
  - 80 Cavity Wall Insulation installations
  - 100 Loft Insulation installations.
- 5.9 The total bid submitted was for funding of £586,500. As well as funding the work described in paragraph 5.8 this was also to fund administrative and ancillary costs, including the appointment of a temporary Project Co-ordinator.
- 5.10 No bids for social housing (including Council housing stock) were included in the Phase 1b bid. Any GHG – LAD bids for improvements to Council housing stock will be based on more contemporary energy rating inspections than those in the stock condition survey. These energy rating inspections were still in the process of being carried out when the bid was being prepared. Only four Council-owned properties had been identified as being less than EPC C at the time of the bid submission.

- 5.11 It is the aspiration of officers to submit a further GHG – LAD Phase 2 bid based on the experiences of the Phase 1b bid round, on the extent of the expressions of interest received and on the latest EPC data for the Council housing stock. Any such bid will be the topic of a further report.

## **Targeting and Delivery**

- 5.12 Potentially eligible households in the six postcode areas plus park homes have already been targeted by a programme of letters and leaflet drops during December 2020 and January 2021 to obtain expressions of interest. Ad hoc expressions of interest from other locations are also being registered.
- 5.13 An Allocations Policy has been produced to create a points-based system to prioritise the properties in highest need and those which most fit with the bid criteria. The Allocations Policy is attached as Appendix 1 to this report.
- 5.14 The bid is entirely focused on the provision of external and internal insulation which will elevate existing EPC E to G rated properties to a minimum of EPC C. Priority will be given to off-gas properties.
- 5.15 An important aspect of the bid is that the South Derbyshire GHG – LAD Phase 1b scheme will be supported by two existing fuel poverty schemes – one run by Derbyshire County Council (the Healthy Homes Programme) and one run by South Derbyshire District Council (the Healthy Homes Assistance Fund). Jointly these two schemes offer a total of £280,000 of complementary funding to provide housing improvements for qualifying households where the occupier has an underlying health condition.
- 5.16 The predicted energy, carbon and bills savings expected to be achieved as a result of installed measures are:
- As a result of solid wall insulation:
- The annual carbon savings are projected to be 22.5 tonnes per annum.
  - The annual bills savings are projected to be £5,380.
- As a result of cavity wall insulation
- The annual carbon savings are projected to be 58.8 tonnes per annum
  - The annual bills savings are projected to be £14,300.
- As a result of loft insulation
- The annual carbon savings are projected to be 78.5 tonnes per annum
  - The annual bills savings are projected to be £19,200.

## **6. Financial Implications**

- 6.1 Major beneficial. If successful, the bid will bring £586,500 of investment into South Derbyshire. This will represent a short-term investment in the local energy retrofit market, thus boosting the green economy. It will also deliver a long-term investment in the local housing stock with the associated financial and carbon savings described earlier in the report.

## **7. Corporate Implications**

- 7.1 Employment – None
- 7.2 Legal. The bid, if successful, will be the subject of a Memorandum of Understanding between BEIS and the Council. The MoU will set out a reporting framework which will

need to be completed by the Project Coordinator in order to enable the capital to be reclaimed from BEIS.

- 7.3 Corporate Plan implications – The proposals align with the key Corporate Plan theme of ‘Our Environment’ as well as the two key aims of “Strive to make South Derbyshire District Council carbon neutral by 2030” and “Work with residents, businesses and partners to reduce their carbon footprint”.

- 7.4 Risk impact - None

## **8. Community Implications**

- 8.1 Beneficial.

## **9. Conclusion**

- 9.1 The reports seeks Committee approval to adopt an Allocations Policy to ensure that the allocation of funding under the GHG – LAD Phase 1b Scheme is equitable and in general accordance with the principles of the funding guidance.

## **10. References**

- 10.1 GHG – LAD Phase 1b Allocation Policy December 2020.