

**Report to CABINET**

# **Green Homes Grant Local Authority Delivery Scheme Phase 1B**

**Portfolio Holder:**

Councillor Hannah Roberts, Cabinet Member – Housing

**Officer Contact:** Deputy Chief Executive – People and Place

**Report Author:**

Anees Mank, Housing Development and Contracts Manager

**22 February 2021**

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**Reason for Decision**

To accept Grant Funding Agreements with the GMCA and appoint contractors to deliver the Greater Manchester Green Homes Grant Local Authority Delivery Scheme Phase 1B.

**Recommendations**

1. To accept the Grant Funding Agreements issued by the GMCA.
2. To issue a Call-off Order and enter into a contract with E.ON Energy Solutions Ltd under the Warm Homes Oldham Framework Agreement to deliver energy efficiency measures to private sector homes across Greater Manchester, as detailed in the Greater Manchester Green Homes Grant Local Authority Delivery Scheme Phase 1B bid.
3. To issue an Authority Notice of Change to Inspiral Oldham Ltd under the Housing PFI Project Agreement to install External Wall Insulation to Crosswall Construction Council homes and Cavity Wall Insulation to Traditional Construction Council homes on the Primrose Bank Estate.
4. To issue a Subsequent Phase Notice(s) to Oldham Retirement Housing Partnership Ltd under the Deed of Variation (Number 2) to the Housing PFI Project Agreement to install Solar PV Systems to Council bungalows.

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5. To approve the use of funds from the Housing Revenue Account Capital Programme to meet the shortfall in grant funding for 3 and 4 above.

## **Green Homes Grant Local Authority Delivery Scheme Phase 1B**

### **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. The GHG is comprised of up to £1.5 billion of support through energy efficiency vouchers and up to £500m of support allocated to English Local Authority delivery partners, through the Local Authority Delivery (LAD) scheme.
- 1.2 On 4 August 2020, the Department of Business, Energy and Industrial Strategy (BEIS) announced the GHG LAD competition for the first £200m phase of funding.
- 1.3 The primary purpose of the GHG LAD scheme is to raise the energy efficiency rating of low income and low EPC rated homes (those in EPC band E, F or G).
- 1.4 BEIS expects the GHG LAD competition to result in the following outcomes:
- Tackle fuel poverty by increasing low-income homes energy efficiency rating while reducing their energy bills.
  - Support clean growth and promoting global action to tackle climate change.
  - Support economic resilience and a green recovery in response to the economic impacts of COVID-19, creating thousands of jobs.
  - Use learnings from the delivery experience to inform the development and design of further energy efficiency and heat schemes.
- 1.5 The GMCA approached Oldham Council to develop a Greater Manchester (GM) GHG LAD Scheme bid, as Oldham is the only Council within GM that has an OJEU procured Framework Agreement for energy efficiency measures (through its Warm Homes Oldham scheme).
- 1.6 On 28 August 2020, the GMCA submitted a Phase 1A bid for £4.7m to mainly retrofit External Wall Insulation and Air Source Heat Pumps in homes of all tenures occupied by residents with a gross annual household income of less than £30,000 using local Trustmark registered contractors.

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- 1.7 Full details of the Phase 1A bid were reported to the GMCA meeting held on 25 September 2020.
- 1.8 On 1 October 2020, BEIS confirmed that the GMCA’s application was successful and awarded the bid amount in full.
- 1.9 However, BEIS was only able to award £76m from the £200m available nationally. Therefore, it announced that the remaining £124m would be awarded through a Phase 1B competition, which was open to existing and new applicants.
- 1.10 On 3 December 2020, the GMCA submitted a Phase 1B bid for £5.6m to mainly retrofit External Wall Insulation, Air Source Heat Pumps and Solar PV Systems in homes of all tenures occupied by residents with a gross annual household income of less than £30,000 using local Trustmark registered contractors.
- 1.11 Full details of the Phase 1B bid were reported to the GMCA meeting held on 18 December 2020.
- 1.12 On 27 January 2021, BEIS confirmed that the GMCA’s application was successful and awarded the bid amount in full.

## 2 Current Position

- 2.1 The GMCA has issued the following Grant Funding Agreements to Oldham Council:

1	Private Sector Housing
2	Social Housing

- 2.2 Most of the Private Sector Housing funding is to be paid to E.ON Energy Solutions Ltd to deliver energy efficiency measures to homes across Greater Manchester.
- 2.3 Some of the Private Sector Housing funding is to be retained by Oldham Council to cover the project management costs incurred by the Housing, Warm Homes Oldham, Procurement, Legal and Finance teams.
- 2.4 Some of the Social Housing funding is to be paid to Inspiral Oldham Ltd to part fund External Wall Insulation to Crosswall Construction Council homes and Cavity Wall Insulation to Traditional Construction Council homes on the Primrose Bank Estate. The shortfall is to be met from the Housing Revenue Account Capital Programme.
- 2.5 The balance of the Social Housing funding is to be paid to Oldham Retirement Housing Partnership Ltd to part fund Solar PV Systems to Council bungalows. The shortfall is to be met from the Housing Revenue Account Capital Programme.
- 2.6 These measures will:
- Improve energy efficiency and reduce fuel poverty, which will help to prevent illnesses linked to cold conditions.

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- Contribute towards meeting the Council's target for the borough to be carbon neutral by 2030, which will help to tackle climate change.
  - Provide work for local contractors and apprenticeships or training for new green jobs, which will help with the economic recovery from the impact of COVID-19.

### **3 Options / Alternatives**

#### **3.1 Option 1:**

- 3.11 To accept the Grant Funding Agreements issued by the GMCA detailed in 2.1 above.
- 3.12 To issue a Call-off Order and enter into a contract with E.ON Energy Solutions Ltd under the Warm Homes Oldham Framework Agreement to deliver energy efficiency measures to private sector homes across Greater Manchester, as detailed in the GM GHG LAD Scheme Phase 1B bid.
- 3.13 To issue an Authority Notice of Change to Inspiral Oldham Ltd under the Housing PFI Project Agreement to install External Wall Insulation to Crosswall Construction Council homes and Cavity Wall Insulation to Traditional Construction Council homes on the Primrose Bank Estate.
- 3.14 To issue a Subsequent Phase Notice(s) to Oldham Retirement Housing Partnership Ltd under the Deed of Variation (Number 2) to the Housing PFI Project Agreement to install Solar PV Systems to Council bungalows.
- 3.15 To approve the use of funds from the Housing Revenue Account Capital Programme to meet the shortfall in grant funding for 3.13 and 3.14 above.

#### **3.2 Option 2:**

- 3.21 To reject the Grant Funding Agreements issued by the GMCA detailed in 2.1 above.
- 3.22 The energy efficiency measures would not be delivered to private sector homes across Greater Manchester; the External Wall Insulation would not be installed to Crosswall Construction Council homes; the Cavity Wall Insulation would not be installed to Traditional Construction Council homes; and the Solar PV Systems would not be installed to Council bungalows.
- 3.23 The grant funding would have to be returned to BEIS with the consequential reputational damage that this would cause to Oldham Council and the GMCA.

### **4 Preferred Option**

#### **4.1 Option 1.**

### **5 Consultation**

- 5.1 The Cabinet Member – Housing was consulted at her Portfolio Briefing on 3 December 2020 and supported the proposals.

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## 6 Financial Implications

6.1 On 27 January 2021, the GMCA was successful in securing £5.6m of grant from BEIS. Some of this will be distributed direct by them to partners across Greater Manchester. The remaining amount has been allocated to the Council as lead authority to administer as part of its existing OJEU approved framework for energy efficiency measures.

6.2 This is split as follows:

<b>Private Sector Housing</b>
Contract with E.ON Energy Solutions Ltd
Project Management fees to the Council
<b>Social Housing</b>
Contract with Inspiral Oldham Ltd
Contract with Oldham Retirement Housing Partnership Ltd

6.3 The Private Sector Housing project will cover all of Greater Manchester and is 100% grant funded. The Council is in effect passing on the grant from the GMCA (BEIS) to the contractor via its existing contract. Although some of the private sector work is expected to take place in Oldham.

6.4 The total contract value for the works with Inspiral Oldham Ltd and Oldham Retirement Housing Partnership Ltd will be funded as follows:

Social housing grant available
Contribution from Housing Revenue Account (HRA)

6.5 The grant will be claimed in monthly instalments in arrears.

(John Hoskins / David Leach)

## 7 Legal Services Comments

7.1 The Council will be required to sign two Grant Funding Agreements with the GMCA which will flow-down the terms and conditions of the MoU which the GMCA has with BEIS.

7.2 The Council has an existing Framework Agreement in place which it can use for the Call-off Order and enter into a contract with E.ON Energy Solutions Ltd but it is important that the level of spend under the Framework Agreement remains below the advertised ceiling for estimated spend in the published OJEU Notice (£7m plus VAT).

7.3 The Council will have to issue an Authority Notice of Change to Inspiral Oldham Ltd, the housing PFI provider, for the additional works required to insulate the Council homes on the Primrose Bank Estate.

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- 7.4 The Council will have to issue a Subsequent Phase Notice(s) to Oldham Retirement Housing Partnership Ltd, the housing PFI provider, for the additional works required to install Solar PV Systems to Council bungalows.
- 7.5 As project manager for the programme of works, the Council will be required to make regular progress reports to the GMCA which in turn will have an obligation to report to BEIS. The Council will be required to comply in full with all of the grant funding conditions to ensure that there is no risk of clawback of the funding by BEIS. Therefore, monitoring of all three contractors will be a high priority in view of the level of spend and risk involved.

(Elizabeth Cunningham Doyle)

## 8. **Co-operative Agenda**

- 8.1 Each contractor has provided satisfactory details on how they will operate in a socially responsible way in accordance with Oldham Council's Social Value Framework.

## 9 **Human Resources Comments**

- 9.1 None.

## 10 **Risk Assessments**

- 10.1 A detailed risk assessment has been completed as part of the MoU with BEIS. The main risk identified is failure to deliver all the energy efficiency measures by the deadline of 30 September 2021 due to issues relating to contractor capacity, availability of materials, adverse weather or the impact of COVID-19. It is highly likely that BEIS will offer an extension to the deadline for delays experienced due to circumstances beyond the Council's control. Failing that, the unspent funding would have to be returned to BEIS.

## 11 **IT Implications**

- 11.1 None.

## 12 **Property Implications**

- 12.1 Improvement of Crosswall Construction Council homes and Traditional Construction Council homes on the Primrose Bank Estate.
- 12.2 Improvement of Council bungalows.

## 13 **Procurement Implications**

- 13.1 The Commercial Procurement Unit supports the recommendations outlined in the report. The call-off arrangement under the Warm Homes Oldham framework offers a compliant route to market adhering to both EU Regulations and the Council's Contract Procedure Rules (clause 4.1). The Commercial Procurement Unit will also undertake an audit with the Strategic Housing Team on spend to date under the framework to ensure it remains below the £7m advertised.

(Emily Molden)

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14      **Environmental and Health & Safety Implications**

14.1      Each contractor has provided satisfactory details on how they will address Environmental and Health and Safety implications.

15      **Equality, community cohesion and crime implications**

15.1      Each contractor has provided satisfactory details on how they will provide a fair and equitable services to all residents, regardless of age, disability, gender reassignment, marriage or civil partnership, race, religion or belief, sex, socio-economic status or sexual orientation.

15.2      The GM GHG LAD Scheme has a positive impact on tackling fuel poverty.

15.3      There are no community cohesion or crime implications.

16      **Implications for Children and Young People**

16.1      None.

17      **Equality Impact Assessment Completed?**

17.1      No.

18      **Key Decision**

18.1      Yes

19      **Key Decision Reference**

19.1      HSG-11-20

20      **Background Papers**

20.1      The following is a list of background papers on which this report is based in accordance with the requirements of Section 100(1) of the Local Government Act 1972. It does not include documents which would disclose exempt or confidential information as defined by the Act:

Green Homes Grant Local Authority Delivery Scheme: Phase 1b

<https://democracy.greatermanchester->

[ca.gov.uk/documents/s11166/14%20GHG%20LAD%20Scheme%20Phase%201b.pdf](https://democracy.greatermanchester-ca.gov.uk/documents/s11166/14%20GHG%20LAD%20Scheme%20Phase%201b.pdf)

21      **Appendices**

21.1      None