

Executive Decision Report

Green Homes Grant Funding

Decision to be taken by: City Mayor
Decision to be taken on: 23 July 2021
Lead Director: Chris Burgin

Useful information

- Ward(s) affected: potentially all
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- Report version number: v.1

1. Summary

The council has been successful in securing an award of £2.125m of Green Homes Grant from Central Government (Local Authority Delivery (LAD) Phase 2) to continue supporting the delivery of low carbon and renewable energy efficient measures to domestic dwellings within the city. The funding bid will enable improvements to council owned homes, together with support for owner occupier and private rented properties.

This report seeks to add the grant plus Leicester City Council match funding to the Council's capital programme.

2. Recommended decisions

- a) That £1.225m is added to the 2021/22 General Fund capital programme to fund grants (and associated administration costs) to owner occupied and privately rented dwellings, financed from the Green Homes Grant
- b) That £1.8m is added to the 2021/22 HRA capital programme to fund the installation of energy efficient measures to council homes, with £900k being financed from the Green Homes Grant and £900k from HRA reserves.

3. Scrutiny / stakeholder engagement

n/a

4. Background and options with supporting evidence

n/a

5. Detailed report

The city council declared a Climate Emergency in February 2019 and Housing is an integral part of the wider council response. The Climate Emergency Action Plan is now in its second year.

The primary purpose of the LAD Phase 2 scheme is to raise the energy efficiency rating of low income and low Energy Performance Certificate (EPC) rated homes (those with EPC ratings of E, F or G). Homes with an EPC rating of D are also in scope, subject to a cap of 50% of Band D homes upgraded across the region.

LAD Phase 2 funding will help to deliver the following outcomes:

- Tackle fuel poverty by reducing energy bills for low-income households through improved energy efficiency.
- Deliver cost effective carbon savings to carbon budgets and progress towards the UK's target for net zero by 2050.
- Support economic resilience and a green recovery in response to the economic impacts of Covid-19, creating thousands of jobs.
- The phasing out of the installation of high-carbon fossil fuel heating and reducing emissions and improving air quality.
- Utilise the role of Local Energy Hubs to build Local Authority capacity and supply chains to deliver energy efficiency at scale.

The funding is available for housing across all tenure types. This includes owner occupied, private landlords, registered social landlords, and Local Authority owned housing.

Eligible private homeowners are not expected to contribute towards the costs of property upgrades and the average cost should not exceed £10,000 per property. For properties rented to a tenant (either social or private), including a Local Authority owned property, there is a minimum contribution expected from the landlord towards the cost of upgrades of 1/3rd, with the average subsidy cost not to exceed £5,000 per property.

Works to 180 council homes are planned, at an average of £10,000 per property, costing £1.8m and utilising £900k of grant funding. £1.05m of grant funding will support work to a minimum of 100 private properties (combination of low-income owner occupier homes and private rented) in the city, targeting former council-owned properties on council estates. £175k of grant will be used to administer and manage the scheme.

Council Housing Stock Improvements

The Housing division has committed to reduce its carbon footprint by carrying out a range of measures to council owned homes, including identifying and installing external wall insulation to poorly performing solid wall stock.

This complements the past programmes we have carried out in the Braunstone and Saffron Lane areas of the city. Both previous schemes were widely welcomed by the tenants who have benefitted from saving money on their energy bills, reducing energy consumption, emitting less carbon, and living in warmer environments.

It is proposed that a primary measure of solid wall insulation is carried out to 180 identified properties, together with additional improvements to loft insulation, cavity fill where applicable and improvements to heating controls. Additional to this there is the opportunity to explore the installation on roofs of photovoltaic panels to generate on-site electricity. The scheme proposal will also afford the opportunity to carry out improvements to the general fabric of properties to upgrade gutters, fascia's, soffits and soil and vent pipework.

Due to the very short delivery window, works to be completed by March 2022, we have discussed the possibility of a direct award proposal with both Legal Services and the Procurement team who are both satisfied the circumstances can warrant a direct award. An existing provider has been approached who have confirmed that they would be able to carry out the proposed works for Phase 2 as outlined. It is anticipated that the Phase 2

scheme delivery can commence between May and July depending when the local authority has its bid proposal agreed by MEH.

This is a match funded opportunity. The maximum funding award (towards LCC Stock) will provide £5,000 per property.

To attract the maximum award, the housing division will need to match fund the governments contribution equally. It is anticipated that the average cost of improvement per property will be £10,000, which will then require an HRA contribution of £5,000 per property. Based on the timetable it is anticipated that we can install measures to 180 council homes at a cost of £1.8m, requiring a housing division contribution of £900k from reserves.

6. Financial, legal, equalities, climate emergency and other implications

6.1 Financial implications

The total Phase 2 Green Homes Grant allocation for the Council is £2.125m. Of this, £1.225m will be added to the General Fund capital programme, with the remaining £0.9m added to the HRA capital programme. The HRA will finance £0.9m of match-funding from reserves, which have been increased in the 2020/21 outturn.

Stuart McAvoy – Principal Accountant

6.2 Legal implications

As detailed in section 5 of this report, legal advice has been sought in respect of directly awarding a contract to perspective provider. The value of the contract is below The Public Contract Regulations 2015 thresholds for works (currently set at £4,733,252) and as such a direct award is permitted. While there is an element of risk in that previous contracts have been awarded to the same provider this appears low.

Additional legal advice has also been sought in respect to the impact of the new Subsidy Regime, particularly in respect of private and rented landlords. It would appear that any subsidy these landlords would receive would be below the Article 3.2(4) Special Drawing Rights exemption (Currently 325,000 every 3 years). In addition, given the nature of the subsidy it would appear to be in accordance with the Subsidy Regime Principles and as such the chance of challenge appears low.

At all times the Council should act in compliance with the Grant terms and conditions.

Legal services should be involved in drafting and negotiating the contract with the provider.

Dominic Taylor – Solicitor

6.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due

regard to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

This report seeks to add the grant plus Leicester City Council match funding to the Council's capital programme. The scheme will allow improvements to council owned homes, together with support for owner occupier and private rented properties.

There are no direct equality implications arising from this report. However, the LAD Phase 2 outcomes that the funding will support and the improvements made should lead to positive impacts for people from across all protected characteristics who are eligible.

Surinder Singh, Equality Officer Ext 37 4148

6.4 Climate Emergency implications

Housing is responsible for 33% of carbon emissions in Leicester. Following the council's declaration of a climate emergency and the launch of Leicester's Climate Emergency Strategy, addressing housing emissions is a vital part of the council's work. This includes within the council's own housing stock, where it has the greatest level of influence and responsibility.

As noted within this report the Green Homes Grant - Local Authority Delivery, Phase 2 will invest millions of pounds in energy efficiency measures in hundreds of local properties. This will have the effect of significantly reducing their carbon emissions and delivering further benefits to occupants as noted. The carbon savings resulting from this work should be calculated and recorded to allow for the impact of the programme to be measured.

Aidan Davis, Sustainability Officer, Ext 37 2284

6.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

7. Background information and other papers

None

8. Summary of appendices

None

9. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

No

10. Is this a “key decision”?

Yes

11. If a key decision please explain the reason

Over £1m is being added to each of the general fund and HRA capital programmes, which has not been specifically approved by Council.