

Report to:	Council	Date of Meeting:	20 May 2021
Subject:	Green Homes Grant (GHG) Local Authority Delivery (LAD) Round 2 Scheme		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	Netherton, Litherland, Linacre
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services Cabinet Member - Communities and Housing		
Is this a Key Decision:	Yes	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

An urgent request for approval is sought to ensure that Sefton can benefit from over £2 million, 100% grant funding. Spending this funding is time critical to ensure residents receive the benefits and that no proportion of the funding is returned due to slippage in delivery. The programme is due to complete on 31 December 2021 and there is no guarantee of an extension.

Sefton Council have received a direct award of £1.9M capital and £0.225M revenue funding to retrofit 215 poorly insulated homes for low income Sefton residents. The funding has come from The Department of Business Energy & Industrial Strategy (BEIS) as part of the government's post covid 19 response.

Due to the level of the grant funding, authority to accept the funding as well as secure permission to procure and award works is required from Council.

The funding is the Green Homes Grant (GHG) Local Delivery Scheme (LAD) phase 2, which will be referred to as LAD2 throughout this report.

Recommendation(s):

Council is asked to approve:

- Seek approval to approve a supplementary capital estimate of £1.9M and supplementary revenue estimate of £0.225M.
- That authority be delegated to a nominated officer, in this instance The Executive Director of Corporate Resources and Customer Services in consultation with the Cabinet Member Regulatory, Compliance and Corporate Services, to appoint a contractor via a direct award from the Procure Plus framework and then enter into the contract once the procurement process is completed in order to undertake the required works,.

Reasons for the Recommendation(s):

If this funding is not accepted, residents will not receive the investment required to improve their home, which is designed to reduce fuel poverty, reduce carbon emissions, support local jobs and improve the communities where these homes exist.

The £1.9M capital and £0.225m revenue grant funding allocations are 100% grant and do not require any match funding from the council and there is no risk of clawback if the funding is fully utilised.

Delegated responsibility has been requested to help to streamline the governance of the project whilst maintaining full accountability. Any funding that is not utilised within the timeframe of the scheme (end date 31 December 2021) may be reallocated to other Local Authorities that are able to undertake the works in a timely manner.

Alternative Options Considered and Rejected: (including any Risk Implications)

Not to accept the funding – Rejected due to the loss of potential benefits to Sefton residents.

What will it cost and how will it be financed?

(A) Revenue Costs

100% of the revenue costs will be covered by the grant funding.

The existing Retrofit Team within Energy & Environmental Management Team, Sefton Council will manage the delivery of LAD2 and the revenue allocation will be used to extend existing secondments and provide one additional 10 month secondment.

(B) Capital Costs

100% of the capital funding will be covered by the grant funding award.

All capital funding will be provided by BEIS with the Liverpool City Region Combined Authority (LCR CA) acting as the accountable body.

Implications of the Proposals:

The following implications of this proposal have been considered and where there are specific implications, these are set out as follows:

Resource Implications (Financial, IT, Staffing and Assets):

The existing Retrofit Team within EEM Sefton Council will manage the delivery of LAD2 and the revenue allocation will be used to extend existing secondments and provide additional resources if required

Legal Implications:

Sefton Council will enter into a Grant Funding Agreement with the LCR CA to deliver the scheme in accordance with the specification set by BEIS (as directed by Sefton Council Legal Team).

Sefton Council will enter a works contractor contract as a direct award from the Procure Plus Framework (as directed by the Sefton Council Procurement and legal teams).	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	Y
Have a neutral impact	N
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y
Retrofit of 215 poorly insulated homes will provide a positive impact by reducing fuel required to keep those homes warm as well as providing a cooling mechanism during heatwaves.	
Equality Implications: n/a	

Contribution to the Council's Core Purpose:

<u>Protect the most vulnerable:</u> The scheme is designed to target the most vulnerable members of our communities by improving energy efficiency and reducing fuel poverty.
<u>Facilitate confident and resilient communities:</u> The retrofit of homes will provide additional protection from extreme heat and cold. The works will improve the aesthetics of the local areas.
<u>Commission, broker and provide core services:</u> n/a
<u>Place – leadership and influencer:</u> n/a
<u>Drivers of change and reform:</u> n/a
<u>Facilitate sustainable economic prosperity:</u> The works are designed to support local jobs post Covid 19 pandemic.
<u>Greater income for social investment:</u> The scheme aims to work in conjunction with Invest Sefton to utilise local contractors where possible.
<u>Cleaner Greener:</u> The project to contribute to Council and Regional carbon reduction commitments and contribute to the Climate Emergency Strategy.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources & Customer Services has been consulted and reviewed the report (FD 6375/21)

The Chief Legal and Democratic Officer has been consulted and has no comments on the report (LD 4576 /21).

(B) External Consultations

n/a

Implementation Date for the Decision

Officers will be authorised to implement all decisions within this report immediately following Council on 22 April 2021

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Appendices:

None

Background Papers:

None

1.0 BACKGROUND

- 1.1 In Autumn 2020 The Department for Business Energy and Industrial Strategy (BEIS) announced a series of funding opportunities as part of the government's build back better programme as a response to the Covid 19 Pandemic. One of these funding opportunities was the Local Authority Delivery Green Homes Grant (LAD, GHG) aimed at improving the worst performing homes for the poorest in our community.
- 1.2 In the first round of this funding (LAD round 1b) the Liverpool City Region submitted a competitive consortium bid and were successful in securing funds. With Liverpool City Council (LCC) acting as the accountable body, Sefton committed to the retrofit of 30 properties (installing external wall insulation (EWI)). All finances, legal agreements and procurements will be managed and administered by LCC.
- 1.3 Phase 2 of the LAD GHG scheme was not a competition but a direct award to local authorities across England to ensure benefits were distributed across the country. Sefton's allocation, based on property types and income levels, was £1.9M capital and £0.225m revenue funding. The LCR CA is the accountable body and will report progress back to BEIS for the Liverpool City Region.
- 1.4 Confirmation of the award and route to delivery was confirmed at the end of April 2021.

2 AREAS TARGETED

- 2.1 Properties in the Netherton area have been identified for the delivery of LAD1b and LAD2 based on the construction type being of a system built "no fines" concrete nature or "cross wall" construction. It is difficult to insulate these properties due to the substantial investment needed to install external wall insulation. Additional properties in the Litherland and Bootle areas of solid brick construction will also be targeted.
- 2.2 This area was identified due to the high number of fuel poverty and housing standard requests from residents on the estate where all properties are of this construction. Houses on the estate owned by a social landlord have already received insulation works, however, residents who bought their home several decades ago under 'right to buy' often have no resource or expertise to install the measures needed to create a warm and healthy home.
- 2.2 The eligibility criteria of the grant funding targets low-income households (a combined income of below £30K per annum) with poor energy efficiency ratings. It is aimed at privately owned or rented households, and separate funding exists for social housing providers. Households will not have to provide a financial contribution to the proposed works.

3 ROUTE TO MARKET

- 3.1 The LCR CA together with the NW Energy Hub have established the procurement methodology that Local Authorities should follow. Following an in-depth review of framework providers, Procure Plus has been appointed by the LCR CA as the framework provider that all Local Authorities will utilise.

- 3.2 Discussions with Procure Plus are at an advanced state, which will allow Sefton to direct award with confidence, and progress, time critical works as early as June 2021.

4.0 RISKS AND MITIGATION

- 4.1 **TIMESCALES;** The programme is required to complete works by the 31 December 2021. Acting quickly and utilising a direct award under an approved framework, will help to mitigate risk of slippage. A full programme management with regular reporting will help to track areas of concern at an early stage and rectify. Contracts will include staged payments, to ensure risk of clawback from any delays does not lie with Sefton Council. Officers will provide regular progress reports to Cabinet Member - Communities and Housing and Cabinet Member - Regulatory, Compliance and Corporate Services.
- 4.2 **QUALITY OF WORKS;** Works to residents' homes with Council association, must be of the highest quality. The works will require contractors to be Trustmark Accredited, employ retrofit coordinators to minimise the delivery assurance risk and ensure quality & compliance with PAS2035.
- 4.3 **SUPPLY CHAIN;** Limited capacity exists due to increased demand for retrofit works. Sefton Council will work with Procure Plus to ensure awards are only made to companies with the capacity and capability to undertake these specialist works within the agreed timescale.
- 4.4 **INTERNAL CAPACITY;** Utilising existing seconded staff with the necessary expertise from delivery of previous and current ERDF funded retrofit programmes, will provide the capacity and expertise required.
- 4.5 **CLAWBACK;** The £1.9M capital and £0.225m revenue grant funding allocations are 100% grant and do not require any match funding from the council and there is no risk of clawback if the funding is fully utilised.

5 FUTURE FUNDING

- 5.1 There are several additional funding opportunities such as GHG LAD round 3, Social Housing Decarbonisation Fund (SHDF) and a Home Upgrade Fund (HUG) available later in 2021.
- 5.2 Sefton Officers will continue to look for opportunities to continue these works and maximise future funding opportunities. The LCR CA estimate that there is a need to retrofit 20,000 homes per annum in the city region to achieve the 2040 target of net zero carbon.