

North Tyneside Council

Report to Deputy Mayor

Date: 6th July 2021

Title: Green Homes Grant: Local Authority Delivery (LAD2) Funding Bid – grant acceptance and appointment of delivery partner

Portfolio(s): Housing	Cabinet Member(s): Councillor. Steve Cox
Report from Service Area:	Regeneration and Housing
Responsible Officer:	John Sparkes, Director of Regeneration and Economic Development Tel: (0191) 643 1441
Wards affected:	All

PART 1

1.1 Executive Summary:

In July 2019 Council declared a Climate Emergency and set challenging targets for carbon reduction. Since then the Authority has developed a Climate Emergency Action Plan which sets out pathways towards carbon neutrality and a number of core principles and supporting actions to achieve this, including improving energy efficiency of existing homes, increasing supply of renewable energy and decarbonising the heat supply to homes.

On the 17th March 2021 Investment Programme Board requested that the Directors of Regeneration and Economic Development and Environment, Housing and Leisure submit a bid for £1.2 million to the North East Yorkshire and Humber Energy Hub (The Hub) for the funding of further measures to improve the energy efficiency of homes in the borough. The Hub had secured £51.95m provided by Department of Business Energy and Industrial Strategy. This funding is an extension of the Green Homes Grant LAD1b which the Authority had already been successful in securing and which is currently being used to deliver improvements both in Authority owned and private housing stock in the borough.

Unlike LAD1b the bidding processes and the subsequent administration and monitoring will be managed via the Hub. The funding will continue to support the installation of qualifying measures to improve the energy efficiency of homes in North Tyneside, increase the supply of renewable energy, reduce carbon emissions and support the Authority's Climate Emergency response.

On 18th May 2021 the Authority was notified that this bid had been successful and an award of £1,154,277 would be made. The award however is conditional on the Authority returning associated paperwork including a Memorandum of Understanding (MOU). Having initially indicated that this must have been completed by May 31st the Hub has now agreed that the completion of the MOU and associated paperwork should be concluded as soon as possible to take account of necessary governance requirements.

However, if matters are not concluded in a timely manner then the grant offer may be withdrawn.

The Authority does not currently have a delivery partner but is a member of Fusion 21 which is a national Official Journal of the European Union (OJEU) compliant framework. A specification has been submitted to the framework which allows the Authority to make a direct appointment of a contractor utilising the existing procurement process established by the framework.

Following approval by Investment Programme Board on the 22nd June 2021 this report requests that delegated authority be provided to the Director of Regeneration and Economic Development to sign the MOU on behalf of the Authority, to accept the grant award of £1,154,277 and for approval to proceed with the appointment of a contractor utilising the provisions of the Fusion 21 framework.

1.2 Recommendation(s):

It is recommended that the Deputy Mayor:

- 1) authorises the Director of Regeneration and Economic Development in consultation with the Director of Commissioning and Asset Management, the Cabinet Member for Housing, the Director of Resources and the Director of Law and Governance to enter into a Memorandum of Understanding (MOU) with The Hub to accept the grant award of £1,154,277.
- 2) authorises the Director of Regeneration and Economic Development in consultation with the Director of Commissioning and Asset Management, the Cabinet Member for Housing, the Director of Resources and the Director of Law and Governance to use Fusion 21's framework to appoint Eon Energy Solutions as the contractor to deliver the programme of measures covered by the successful funding bid.

1.3 Forward Plan:

It has not been practicable to give twenty-eight days' notice of this report. However, it is required to be considered without the twenty-eight days' notice being given because:

the timescales provided for the acceptance of the grant award are considerably less than the required 28 days

1.4 Council Plan and Policy Framework

This report relates to the following priorities in the 2020-2024 Our North Tyneside Plan:

- Our people will be ready for work and life
- Our places will be great places to live
- Our places will offer a good choice of quality housing
- Recognise the climate emergency
- Our economy will grow by supporting new businesses

1.5 Information:

Below provides detailed information around the funding opportunities and the Authority's bid.

1.5.1 Background

Earlier this year the Government outlined proposals for a £2b Green Homes Grant (GHG) scheme. As part of this funding £500m was allocated to Local Authority Delivery (LAD) in order to help raise the energy efficiency of low income and low energy efficiency households (households with an Energy Performance Certificate (EPC) rating of E, F, G). The funding was subsequently divided into phases. North Tyneside were successful in the bid for LAD 1b and were awarded £3.2 million under this scheme.

Following Green Homes Grant LAD Phases 1 and 1b, Phase 2 comprises £300m allocated through Local Energy Hubs for regional delivery up to December 2021. The North East Yorkshire and Humber Energy Hub (The Hub) secured £51.95m in LAD2 funding from the Department of Business Energy and Industrial Strategy (BEIS). On securing the grant The Hub indicated an allocation of c£1.2 m for North Tyneside would be available based on the incidences of fuel poverty in the borough and the submission of an appropriate bid. As with LAD1b the funding will support the installation of qualifying measures to improve the energy efficiency of homes in North Tyneside, increase supply of renewable energy and reduce the carbon footprint of the Borough.

1.5.2 Local Authority Delivery (LAD) 2 Criteria

The bid criteria are outlined below and includes:

- Homes with an EPC rating of D and below. B and D properties will be capped at 50% of the total LA proposal.
- The installation of a range of energy efficiency measures including solar panels
- Gross Household income under £30,000 before housing costs and including benefits. (There will be additional flexibility to enable area-based upgrades, where there is strong evidence for doing so, eligibility may be determined by the average income across a block of flats/houses/maisonettes being below £30,000 per year, or, where the majority of households have a combined income of no more than £30,000 per year)

1.5.3 The Authority's Bid Outline

Funding will be drawn down to support the installation of qualifying measures to improve the energy efficiency of homes in North Tyneside, increase supply of renewable energy, and reduce the carbon footprint of the Borough.. The £1,154,277 award will assist in providing measures in a minimum of 111 homes. The measures will include:

- External wall insulation
- Cavity wall insulation (to be ECO funded where possible)
- Loft insulation (to be ECO funded where possible)
- Air Source Heat Pumps
- Solar Panels
- Double Glazing
- Smart Meters

This will be used to extend the work being carried out using LAD1b funding but will only be delivered in the private sector. The measures must be delivered before the end of December 2021.

1.5.4 Procurement Considerations

As with the requirements of the LAD1b programme the Authority will require a partner that is capable of delivering a “turn-key” solution i.e. a partner or framework that can provide, technical input, front end customer relations support, delivery of measures across the sector and support in ensuring compliance when reporting to the Hub.

The Authority is a member of Fusion 21 which is a national OJEU compliant framework. A specification has been submitted to the framework which allows the Authority to make a direct appointment of a contractor utilising the existing procurement process established by the framework.

Eon Energy Solutions are one of only 2 contractors on the framework that could deliver the necessary specification with a proven track record in relation to delivery across a wide range of energy efficiency programmes.

The Authority has a current and ongoing relationship with Eon for the delivery of the LAD1b programme of measures. In delivering the LAD1b programme EON Energy Solutions have demonstrated a clear and comprehensive understanding of the boroughs housing stock, the profile of measures which can be installed effectively taking account of property archetypes, geographical location, and fuel poverty issues. EON’s established customer journey has demonstrated a flexible approach to engaging residents across housing tenures.

In accordance with Public Contract Regulations 2015 it is therefore possible to make a direct award. This approach will assist delivery as the work already completed to establish the necessary marketing, lead generation, supply chain and verification processes can be utilised to extend delivery. A draft revised delivery schedule incorporating LAD2 delivery to work alongside the delivery of LAD1b programme of measures is attached at appendix 1.

1.5.5 Outline Programme Delivery

The delivery plan for the programme will commence after the signing of the MOU with The Hub. Marketing engagement will commence as soon as possible with a campaign integrated with LAD1b delivery to promote and communicate the project to relevant households. This marketing activity will continue with targeted campaigns throughout the duration of the project. Eon’s call centre will start to field householder calls as soon as possible. They will pre-qualify the properties, verifying household eligibility and arranging for technical surveys. Monthly reports will be required to submit to The Hub, and these will be produced as part of monthly contractor reviews with Eon. The project is due to have all installations complete by 31 December 2021, and a completion report is to be submitted to The Hub who will report to the Department for Business, Energy and Industrial Strategy (BEIS).

1.6 Decision options:

The following decision options are available for consideration by the Deputy Mayor:

Option 1

The Deputy Mayor may approve the recommendations set out in paragraph 1.2 to enter an MOU to accept the grant award of £1,154,277 and provide authority to appoint Eon Energy Solutions as the delivery partner for this programme.

Option 2

The Deputy Mayor may not approve the recommendations, refuse the award of grant and the appointment of Eon Energy Solutions.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

Option 1 is recommended for the following reasons:

By accepting the grant and appointing an appropriate contractor, the Authority can progress towards its declared Climate Emergency carbon reduction targets. In addition, at least 111 low income and vulnerable households will be assisted in improving the energy efficiency of their homes.

1.8 Appendices:

Appendix 1: LAD 1b and 2 Delivery Programme

Appendix 2: North Tyneside Council Grant Award Notification 18.05.21

Appendix 3: Tees Valley Combined Authority and North Tyneside Draft Memorandum of Understanding of 18 May 2021

Appendix 4: Gateway 2 Approved 22 June 2021

1.9 Contact officers:

Robert Peach, Private Sector Housing Coordinator, tel. (0191) 643 6211
Julia Orton, Strategic Housing Officer tel. (0191) 643 6202

1.10 Background information:

No background papers were used in the preparation of this report.

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

The delivery of this project is fully funded utilising the grant funding provided by BEIS and administered via the North East Yorkshire and Humber Energy Hub.

2.2 Legal

The MOU is a standard form document, which has been reviewed by Legal Services. The terms and conditions do allow the primary funder to claw back the grant in specified circumstances, but these circumstances are reasonable for such purposes and the provisions must be accepted prior to the grant payment.

Legal Services has also considered the scheme in the context of subsidy control and/or state aid at each level, with the conclusions that: -

- a) no subsidy or state aid arises as between the funder and the Authority.
- b) no subsidy or state aid arises as between the Authority and EON, as the contracting arrangements to be put in place for the provision of the services included in this report will ensure the Authority complies with the Public Contract Regulations 2015 and the Authority's Contract Standing Orders;
- c) it is possible that the payment of a Green Homes Grant could be considered a subsidy where the applicant is a landlord. However, the amount of the grant should be considerably lower than the special drawing rights exception of £325,000.00 in respect of such individuals or companies. Therefore, a standard declaration that the individual or company has not received funding in excess of this amount will be required prior to payment. In circumstances where the special drawing rights have been exceeded, a Green Homes Grant will not be provided.

2.3 Consultation/community engagement

Consultation has been carried out with the Cabinet Member for Housing. Market engagement events will be undertaken following appointment of a delivery partner to ensure local small and medium sized enterprises can form part of the delivery supply chain. A full communication strategy will be added to the LAD1 b programme to ensure appropriate targeting of qualifying households, this will include assistance to, for example, those for whom English is not a first language, those with sensory impairment and learning disabilities.

2.4 Human rights

There are no human rights issues directly arising from this report

2.5 Equalities and diversity

There are no equality and diversity issues which arise directly from this report. An Equality Impact Assessment will be included in the development of the programmes communication approach.

2.6 Risk management

Any risk management issues will be included within the Authority's risk register and will be managed by this process.

2.7 Crime and disorder

There are no crime and disorder issues directly arising from this report.

2.8 Environment and sustainability

The delivery of this programme of measures will positively impact the carbon footprint of the borough. The delivery of energy efficiency and energy generation measures as set out in section 1.5.3 of this report will reduce carbon emissions in the domestic sector and therefore reduce the overall carbon footprint of North Tyneside. As the programme is delivered the carbon emission reductions will be quantified and reported within the Authority's Climate Emergency Board performance framework.

PART 3 - SIGN OFF

- Chief Executive X
- Directors(s) of Service X
- Mayor/Cabinet Member(s) X
- Chief Finance Officer X
- Monitoring Officer X
- Director of Corporate Strategy and Customer Service X