

# North Tyneside Council

## Report to Elected Mayor

### Date: 18 February 2021

**Title:** Green Homes Grant: Local Authority Delivery (LAD1b) Funding Bid – grant acceptance and appointment of delivery partner

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<b>Portfolio(s):</b> Housing	<b>Cabinet Member(s):</b> <b>Councillor Steve Cox</b>
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**Report from Service Area:**                      **Regeneration and Housing**

**Responsible Officer:**              **Phil Scott, Head of Environment Housing and Leisure**                      **Tel: (0191) 643 7295**

**Wards affected:**                      **All**

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## **PART 1**

### **1.1    Executive Summary:**

On the 3 December 2020 Investment Programme Board requested that the Heads of Regeneration and Economic Development and Environment, Housing and Leisure submit a bid for £3.2 million to The Department of Business, Energy and Industrial Strategy (BEIS) to support the installation of qualifying measures to improve the energy efficiency of homes in North Tyneside, reduce carbon emissions and support the Authority's Climate Emergency response.

On 27 January 2021 the Authority was notified that this bid had been successful and an award of £3.2 million will be made. Conditions relating to grant award were subsequently received on 3 February 2021. The award of grant is conditional on the Authority meeting a very challenging deadline and entering into a Memorandum of Understanding (MOU) with BEIS and returning associated appendices before the 26 February 2021.

The Authority does not currently have a delivery partner or established framework in place to deliver qualifying energy efficiency measures. In accordance with Contract Standing Orders a waiver has been sought to appoint an appropriate contractor to complete the necessary works and support the Authority in delivering this programme.

This report requests that delegated authority be provided to the Head of Environment, Housing and Leisure to sign the MOU on behalf of the Authority to accept the grant award of £3.2 million and for approval to proceed with the appointment of a contractor as the value of the programme of works will exceed £500,000.

## **1.2 Recommendation(s):**

It is recommended that the Elected Mayor:

- 1) authorises the Head of Environment, Housing and Leisure in consultation with the Head of Commissioning and Asset Management, the Cabinet Member for Housing, the Head of Resources and the Head of Law and Governance to enter into a Memorandum of Understanding with BEIS to accept the grant award of £3.2 million; and
- 2) authorises the Head of Environment, Housing and Leisure in consultation with the Head of Commissioning and Asset Management, the Cabinet Member for Housing, the Head of Resources and the Head of Law and Governance to enter into a contract with Eon Energy Solutions 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 (EPC E, F, G). The funding was subsequently divided into a first phase of £200m (LAD1) which required delivery of measures before March 2021. Due to the high value cost per project and the timescales associated with procuring an appropriate delivery partner the Authority was unable to submit a bid for the first round.

In this first round the Department of Business, Energy and Industrial Strategy (BEIS) only allocated £76m of funding to 57 projects. As there was still a substantial amount of funding available, on the 23rd October 2020 BEIS launched a further round of funding known as Local Authority Delivery 1b.

In order to support the Authority's clear commitment to the improvement of the energy efficiency of homes in the borough, to contribute to the decarbonisation of housing and to supporting vulnerable households, the Investment Programme Board authorised that a funding bid be made to BEIS before the December 4<sup>th</sup> 2020 deadline.

The Authority has been successful in this bid and has been awarded £3.2 million under this scheme.

### **1.5.2 Local Authority Delivery (LAD) 1b Criteria**

The bid criteria is outlined below and includes;

- Homes with an EPC rating of D and below
- Minimum bid of £250,000
- The installation of a range of energy efficiency measures including solar PV
- Household income under £30,000 (or an alternate methodology may include total household incomes above the £30,000 threshold, for example in certain areas where higher housing costs mean the resultant household income after housing costs is likely to be below £20,000, or where the household composition means that incomes are stretched among many dependent children.)

### **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, reduce carbon emissions and provide a catalyst for improving residential energy efficiency in the borough. The £3.2 million award will assist in providing energy efficiency measures in a minimum of 396 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 PV

Of the 396 measures outlined 190 will be undertaken in the boroughs private housing stock the remainder (206) will be improvements to the council housing stock.

These measures must be delivered before the end of September 2021.

### **1.5.4 Procurement Considerations**

To deliver this scheme successfully the Authority required a "turn-key" solution, facilitating delivery of measures across the sector and support in ensuring compliance when reporting to BEIS. In accordance with Contract Standing Orders a waiver has been sought to appoint Eon as the Authority's delivery partner. Benchmarking has been undertaken to ensure that they provide value for money to the Authority. Eon are appointed to a number of national frameworks however the use and appointment under those frameworks would attract a fee which would reduce the amount of grant available.

The Authority has an ongoing relationship with Eon Energy Solutions (Eon), having previously delivered an extensive Solar PV installation programme in the borough. Eon were able to demonstrate their ability to deliver the comprehensive delivery framework

required. Eon have a proven track record in relation to delivery across a wide range of energy efficiency programmes, assisting 7 other Councils in LAD Phase 1 delivery including Newcastle City Council. For these reasons, a waiver of contract standing orders to make a direct award of a contract to deliver this programme of measures to Eon Energy Solutions was requested.

#### **1.5.5. Outline Programme Delivery**

The delivery plan for the programme will commence after the signing of the MOU with BEIS in February 2021. Following this in early March a contract will be entered into with the delivery partner, Eon Energy Solutions. Marketing engagement will commence as soon as possible after the contract is completed, with a campaign 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 then start to field householder enquiries starting in March. They will pre-qualify the properties, verifying household eligibility and arranging for technical surveys. These technical surveys are planned to commence towards the end of March with the installation of measures scheduled to start from April 21 onwards. Monthly reports will be required to submit to BEIS, and these will be produced as part of monthly contractor reviews with Eon. The project is due to have all installations complete by 30 September 2021, and a completion report is to be submitted to BEIS.

In delivering Newcastle City Council's Phase 1 GHG LAD scheme, Eon organised local contractor engagement events for SME's interested in participating in the project, to explain how they can be onboarded with Eon to become a delivery partner within their supply chain. The Authority would request similar events in North Tyneside. Wherever possible the Authority's own contractors and trades people will complete work to council housing stock.

#### **1.6 Decision options:**

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

##### Option 1

The Elected Mayor may approve the recommendations set out in paragraph 1.2 to enter an MOU to accept the grant award of £3.2million and provide authority to appoint Eon Energy Solutions as the delivery partner for this programme

##### Option 2

The Elected 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 396 low income and vulnerable households will be assisted in improving the energy efficiency of their homes.

## **1.8 Appendices:**

Appendix 1: North Tyneside Council Grant Award Notification 27.01.21

Appendix 2: BEIS and North Tyneside Draft Memorandum of Understanding 03.02.21

Appendix 3: Gateway 2 Approved 17.02.21

## **1.9 Contact officers:**

Robert Peach, Private Sector Housing Coordinator, tel. (0191) 643 6211

David Foster, Housing Property and Construction Manager, tel. (0191) 643 7801

Cathy Davison, Principal Accountant Investment (Capital) and Revenue, tel (0191) 643 5727

Darrell Campbell, Senior Business Partner (Interim), tel. (0191) 643 7052

## **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. The existing Housing Investment Plan in 2021/22 will fund a contribution of £539,920 toward the measures installed in Council properties.

The project will be included in the Financial Monitoring report to Cabinet on 6 April 2021.

## **2.2 Legal**

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.

## **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 SME can form part of the delivery supply chain. A full communication strategy will be developed to ensure appropriate targeting of qualifying households.

## **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

## 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 supports the aims of the Authority's Climate Emergency Action Plan of improving energy efficiency, decarbonising heat and decarbonising electricity and will help to reduce the carbon footprint of the borough. The Authority's Climate Emergency Board will receive regular performance reports that will detail the carbon emission reductions from the programme of measures.

## PART 3 - SIGN OFF

- Chief Executive ☐
- Head(s) of Service ☐
- Mayor/Cabinet Member(s) ☐
- Chief Finance Officer ☐
- Monitoring Officer ☐
- Head of Corporate Strategy and Customer Service ☐