

Birmingham City Council

Report to Cabinet

7 September 2021



Subject:	GREEN HOMES GRANTS – LOCAL AUTHORITY DELIVERY PHASE 2
Report of:	Julie Griffin – Managing Director, City Housing
Relevant Cabinet Member:	Cllr Shabrana Hussain – Cabinet Member Homes and Neighbourhoods Cllr Tristan Chatfield – Cabinet Member Finance and Resources
Relevant O &S Chair(s):	Cllr Penny Holbrook - Housing and Neighbourhoods Overview and Scrutiny Committee Cllr Mohammed Aikhlaq - Resources
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Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 008959/2021		
Is the decision eligible for call-in	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential:		

1 Executive Summary

This report sets out the proposed City Council approach regarding establishing the Council's delivery of the Green Homes Grant (GHG) Local Authority Delivery (LAD) Phase 2.

The Council decision by approving this scheme, will be a key contribution to reducing carbon emissions, improving energy efficiency and supporting households by tackling fuel poverty.

This also supports the Council effort to reduce the implications of COVID-19 in that it enables more citizens to secure the means to keep warm and stay well and safe.

In late December 2020 the Midlands Energy Hub (MEH) advised that the Green Homes Grants (GHG) Local Authority Delivery (LAD) phase 2 would be announced the following spring of 2021. This was a direct allocation of funds to each of the Midlands councils, depended on their size and number of homes with the lowest Energy Performance Certificate rating. On 3rd March 2021 a formal Grant award letter was received by the Council from MEH, that confirmed the proposed financial allocation and included detailed conditions that were attached to LAD phase 2 scheme.

Following the award letter on 15th April 2021 the Council submitted detailed proposals by the required deadline of 24th May 2021.

2 Recommendations

That Cabinet

- 2.1 Approves the acceptance of Grant funding of £6.856m of which a capitalisation element of £0.566m will be paid to Acivico Limited through an existing agreement to fully administer the scheme on the Council's behalf. The funding is Green Homes Grant LAD2 allocated from Business Energy Industry Strategy, administered through the Midlands Energy Hub (MEH).
- 2.2 Delegates authority to the Managing Director of City Housing to take decisions as required in regard to the identification of appropriate areas for delivery and profiling and tenure split of grant monies based on the proposals submitted to MEH outlined in Appendix 1. The current plan is split 75% BCC dwellings, 15% Private Landlord properties and 10% owner occupiers, 1470 properties in total.
- 2.3 Approves HRA revenue contributions to Capital of up to £3.22m as required match funding contributing to the capital investment proposed on HRA dwellings
- 2.4 Authorises the Managing Director of City Housing to instruct Acivico Ltd to provide the professional services to support the delivery of LAD2 at a cost not to exceed £0.566m and be fully met from Grant allocation.
- 2.5 Delegates authority to Managing Director City Housing in consultation with Cabinet Member Homes and Neighbourhoods, Interim Director Council Management (or their delegate) and Acting City Solicitor (or their delegate) to apply for and accept any future related LAD funding.

- 2.6 Approves the strategy and commencement of the procurement activities by Acivico Ltd for the works for the LAD2 scheme and future related LAD schemes, using the Constructing West Midlands 2 (CWM2) Framework Agreement and delegates the award of the contract to the Managing Director, City Housing in conjunction with the Interim Assistant Director of Procurement (or their delegate), the Interim Director of Council Management (or their delegate) and the Acting City Solicitor (or their delegate).
- 2.7 Authorises engagement with BCC's wholly owned company Acivico Ltd to support the delivery of LAD 2 and future related LAD schemes using the Constructing West Midlands 2 Framework.
- 2.8 Authorises the Acting City Solicitor (or delegate) to negotiate, execute and complete all necessary legal documentation to give effect to the above recommendations.

3 Background

- 3.1 In July 2020 the Chancellor announced the GHG Local Authority Delivery (LAD) Scheme, with up to £500m of support to English Local Authorities. The aims of the scheme are to create green jobs, save householders money, and cut carbon emissions.
- 3.2 A key objective of the scheme is to provide an economic stimulus over summer and Autumn 2021 as part of the Government's plan to build back better, greener and faster in response to Covid-19. All funding must therefore be invested during 2021. Phase 2 comprises of £300m that will be allocated through Local Energy Hubs in 2020/21 for regional delivery.
- 3.3 The GHG LAD 2 scheme operates in a different way to previous Government energy efficiency schemes by utilising Regional Energy Hubs. The Midlands Energy Hub (MEH) has received a total of £59.95m of LAD funding as part of Phase 2 of the Local Authority Delivery (LAD) element of the Green Homes Grant scheme, which will to run from March 2021 to December 2021.
- 3.4 Birmingham has been allocated a total £6,856,100 to enable delivery of eligible measures to vulnerable Birmingham residents who qualify within the prescribed criteria.
- The main purpose scheme is to raise the energy efficiency rating of low income and low Energy Performance Certificate (EPC) rated homes (those with EPCs of E, F or G although D is also in scope subject to a cap of 50% of Band D homes upgraded across each region).
 - Private owner occupier 'Eligible Household' receiving measures have a combined household annual income of no more than £30,000 gross, before housing costs and where benefits are counted towards this figure.

- Funding to owner occupied 'Eligible Household' should cover the full cost of upgrading a home and we do not expect the average cost of upgrades to exceed £10,000 per property.
 - Any landlords (social or Private) eligible for funding would need to provide at least 33% contribution towards the cost of the upgrades. This includes BCC dwellings.
 - BEIS do not expect the subsidy to exceed £5,000 on average per household of landlords
- 3.5 Appendix 1 provides the headline proposals submitted to MEH and sets out the targeted interventions in greater detail for both private and Birmingham City Council (BCC) dwellings.
- 3.6 The Department of Business Energy Industry Strategy (BEIS) confirmed the expected outcomes to LAD Phase 2 will be.
- Tackle fuel poverty by reducing energy bills for low-income households by improving the energy efficiency of their home.
 - 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.
- 3.7 Acivico Ltd will provide the administration for the GHG LAD 2 scheme to deliver a fully managed service to ensure effective delivery.
- 3.8 As part of the £55.59 million allocated to the MEH, 4% was top sliced for customer journey support for Local Authorities for each of the 65 local West Midlands Councils. Act on Energy were appointed by MEH through a competitive tender process to deliver this scheme in Birmingham. They have a long-established history of supporting energy schemes having started as Warwickshire Energy Efficiency Advice Centre (WEEAC) in 1998 when they were created by Stratford on Avon District Council. Act on Energy will provide end to end customer support and liaise with the delivery contractors that includes;
- Single point support contact centre and customer journey support (telephone helpline)
 - Stakeholder engagement for public meetings
 - Check householder eligibility to inform residents of the grant process
 - Marketing and communications
 - Monitoring reporting including data collection

- Answer all questions on the scheme and energy efficiency measures and register any complaints
- Provide additional support to help tackle fuel poverty for vulnerable residents including Energy saving advice.
- Energy saving measures outside of the LAD2 funding.
- Income maximisation advice.

This customer journey support provided by Act on Energy is directly funded by MEH and not from our LAD 2 grant allocation.

4 Options considered and Recommended Proposal

- 4.1 Do Nothing - If the Council does not approve the acceptance of the GHG LAD 2 funding, this means a significant portion of Birmingham citizens are likely to remain in fuel poverty and poor energy efficient homes and would hinder our commitments regarding achieving route to zero carbon.
- 4.2 Approve GHG LAD 2 acceptance of funding – to enable the Council to utilise the identified funds to enable a significant portion of Birmingham citizens be brought out of fuel poverty and improve the energy efficiency of their homes. This has several health and welfare benefits for our residents.

5 Consultation

- 5.1 Cllr Waseem Zaffar – Cabinet Member Transport and Environment has been consulted and is supportive of the contents of this report.

6 Risk Management

Relevant risks are captured in the proposal template in Appendix 2

7 Compliance Issues

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

Accepting this grant and delivering energy efficiency improvements to approximately 1470 homes in the city directly contributes to the key council priorities:

- Birmingham, a great city to live in
- Birmingham a city that takes a leading role in tackling climate change.

Additionally, it will deliver positive outcomes for residents facing fuel poverty, suffering from health effects of fuel poor homes and contributes to the delivery of Birmingham's Housing Strategy and Financial inclusion strategy.

7.1.1 Birmingham Business Charter for Social Responsibility (BBCSR)

For works undertaken in private properties, the BBC4SR is a mandatory requirement that will form part of the conditions of the contract with the successful contractor awarded via the CWM2 framework agreement. Tenderers will submit an action plan with commitments that will be managed and monitored during the contract period.

7.1.2 For works undertaken in the Council's properties, additional commitments relevant to the contract will be provided by the contractors on the Housing Repair and Maintenance contract proportionate to the value of the additional spend and included in their action plan. The actions will be monitored and managed under the existing contract management process.

7.1.3 The social value outcomes, the successful contractors will be required to address / include:

Local Employment

- Employment and employability opportunities for the target groups particularly young people.
- A strong local employment offer, including full time equivalent jobs, apprenticeships, student placement and work experience, with the focus on the hardest to reach groups particularly focused on disadvantaged area of the city.

Buy Local

- Spend to be, as practically as possible, with local, small and medium enterprises as well as social enterprises within a 30-mile radius of the scheme.

Partners in Communities

- Bidders and their supply chain will need to utilise their community reach and focus their outcomes on community cohesion with sensitivity to local demographics using www.matchmyproject.org.
- Working with schools to focus on increasing attainment and employment options for those students facing disadvantage and education on.
- Working with schools and community organisations to focus on sustainability in the construction environment
- A robust understanding and methodology for community engagement, with supporting fuel poverty

Good Employer

- Provide good employment practices to increase the staff employability and quality of employment.

- Demonstration of the provision of in-depth training for their employees in equality, diversity and inclusion.
- Good practices around areas including collective representation, zero-hour contracts, whistle blowing policies.
- The payment of the Real Living Wage down the supply chain is a mandatory requirement in accordance with the Council's policy.

Green and Sustainable

- Plans for a carbon natural position and what activities they are undertaking to achieve that additional to the specification including details relating to transport, recycling, materials used and offsetting.

Ethical Procurement

- The outcomes sought under this theme relate to the treatment of subcontractors in terms of payment and training.
- Evidence will be required as to how the bidder is ensuring that the materials used are sourced ethically

7.2 Legal Implications – Under the general power of competence per Section 1 of the Localism Act 2011, the Council has the power to enter into the arrangements set out in this report which are within the boundaries and limits of the general power of competence Section 2 and 4 of the Localism Act 2011.

Local housing authorities have a statutory duty under Part 1 of the Housing Act 2004 to keep the housing conditions in their area under review with a view to identifying any action that may need to be taken by them under several statutory provisions.

The Grant is issued subject to Subsidy Control Rules and having reviewed the proposals within the report, they are considered to be compliant with this requirement.

7.3 Financial Implications

7.3.1 The breakdown of costings and outputs is provided in Appendix 1 The total grant allocated is for £6.856m of which £0.566m is available to support delivery and administration of the scheme. This will be undertaken by Acivico Ltd at a cost no greater than £0.566m and the funding transferred across in line with the existing terms of the Council's DCFM Contract. The total earmarked for delivery of works is £6.290m with the majority supporting works within the HRA. Funding must be used by December 2021 in line with the scheme end date.

7.3.2 The majority of the capital investment that will be funded with the aid of the LAD2 Grant will be work on HRA properties. The planned works to be carried

out are based on a package of work for each property, which could include replacement windows and doors, fitting PV cells to roofs or new lighting, dependent on the property requirements. The amount of grant that can be applied to each HRA property is 2/3rds the cost of the works up to a maximum of £5,000 per property, with the remaining cost funded from within the HRA. It is planned to do works on over 1,100 HRA properties in 2021/22 at an estimated cost of £7.51m funded from HRA revenue contributions up to £3.22m and GHG LAD 2 grant £4.29m

7.4 In respect of works outside of the HRA, owners / landlords will have to provide appropriate match funding as per grant conditions.

7.5 Procurement Implications

7.5.1 Acivico Ltd will provide the technical professional services and administration for the delivery of the scheme under the Council's DCFM contract. An additional side letter will be entered into with Acivico Ltd setting out any specific terms of the grant conditions including appropriate Data Processing arrangements. Acivico Ltd will also undertake an audit trail of all grant applications submitted and approved by the Council and monitor outcomes through KPIs.

7.5.2 The proposed route for works to private sector properties is to use Acivico Ltd's Constructing West Midlands 2 Framework Agreement in accordance with its rules. The Council is entitled to access this framework agreement. The Council, in collaboration with Acivico Ltd, will be involved in selecting the most appropriate contractor for the project based on a price, quality and social value evaluation criteria as provided for in the Framework Agreement. The Council will be able to amend clauses or add clauses to the call off contract specific to the project. Alternative frameworks agreements were considered. However, they tend to be single contractor led which does not provide the competitiveness required to evidence best value.

7.5.3 The works for the Council's own stock will be delivered under the Housing Repair and Maintenance contract in accordance with its call-off arrangements by quadrant of the city.

7.6 Human Resources Implications (if required)

None

7.6 Public Sector Equality Duty

7.6.1 Initial Equality Impact Assessment submitted (**Appendix 2**) - no adverse impact identified.

8 Appendices

8.1 **Appendix 1** – Summary of Proposals submitted to MEH

8.2 **Appendix 2** – Equality Impact Assessment

