

## London Borough of Hammersmith & Fulham

**Report to:** Cabinet Member for the Environment, Cllr Wesley Harcourt

**Date:** 01/12/2020

**Subject:** Approval to award contract for delivery of Local Authority Delivery (LAD) element of Green Homes grant funding

**Report author:** Jim Cunningham, Climate Policy & Strategy Lead

**Responsible Director:** Sharon Lea, Strategic Director of Environment

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### Summary

Hammersmith & Fulham (H&F) has jointly won £4.78m funding as part of a consortium of seven London boroughs, to carry out energy efficiency and low-carbon retrofits for low-income households in the private sector. This funding was awarded by the Department for Business, Energy and Industrial Strategy (BEIS) as part of the Local Authority Delivery (LAD) scheme within the wider Green Homes programme. The funding helps H&F to deliver its commitment to a net zero carbon borough by 2030, and tackles fuel poverty by improving properties lived in by low-income households.

This report seeks approval for the London Borough of Ealing, as lead authority for the bid, to spend this funding on H&F's behalf. An urgent decision is needed due to the tight timeline for delivery conditional to the award.

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### Recommendations

1. To agree that the Council's portion of the grant from the Local Authority Delivery be retained and managed by the London Borough of Ealing, as the accountable body, and that the London Borough of Ealing be appointed to lead on the delivery of the Council's share of the £4.78m grant for the Green Homes programme, energy efficiency measures in private sector homes.
2. To approve the Council entering into a sub-grant agreement or non-binding memorandum of understanding with LB Ealing to record the above decisions.

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**Wards Affected:** All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The award will benefit the local green economy, in line with H&F's draft

	<p>climate strategy. An open tender for energy efficiency works is being used to increase the likelihood of small and/or local suppliers. This work is estimated to retain or create 80-110 jobs across West London.</p>
<p>Creating a compassionate council</p>	<p>The funding is reserved for households with under £30,000 income, and targets the coldest homes with energy performance rated E-G, to ensure the maximum benefit to the most fuel-poor households.</p>
<p>Doing things with local residents, not to them</p>	<p>This project supports private householders and tenants to improve their properties. The Council is working with local community groups to promote the scheme to those who might be eligible and interested. These residents will receive an assessment for possible improvements, and will design an improvement plan alongside the assessors.</p>
<p>Being ruthlessly financially efficient</p>	<p>This award achieves around £680,000 external investment in the borough. The works target the most energy-inefficient homes with the highest energy savings return on investment. The contract to manage the programme will be awarded through open tender to ensure the best value for money is achieved.</p>
<p>Taking pride in H&amp;F</p>	<p>This funding will improve 50 – 100 homes in the borough, potentially including exterior works that will bring visual improvement and make them fit for the future.</p>
<p>Rising to the challenge of the climate and ecological emergency</p>	<p>This funding is part of the government's Green Homes Grant scheme, and its aims are decarbonising housing (which represents 37% of H&amp;F's emissions), tackling fuel poverty, and economic recovery. Fitting wall insulation alone to a target 50-100 homes could save between 31 and 110 tons of carbon per year.</p>

## **Financial Impact**

The total award to the 7 consortium boroughs is almost £4.8m. There is no specified allocation between the boroughs and the exact amount will depend on the energy efficiency improvement requirements and procured for each home at the point of delivery. At this stage, this is estimated at almost £0.7m per borough (if distributed equally).

There are no match funding obligations for the Council. Any officer time that is needed in the delivery of the programme will be chargeable to the funding allocated or met within the approved staffing funding allocation.

## **Legal Implications**

The Council does not have direct legal powers to improve the energy efficiency of private homes, however all local authorities have a role to play in the national target of achieving net zero carbon by 2019, now enshrined in law. The power of the Council to carry out energy efficiency works on private homes is in reliance on the power of general competence set out in S.1 of the Localism Act 2011, which allows local authorities to anything that a natural person can do.

This report is seeking the appointment of the London Borough of Ealing (LBE) as the Council's delivery provider in relation to the retrofit works that will be required to be done on private sector homes in LBHF's area pursuant to a successful grant application, installing energy efficiency measures.

Here LBE proposes to award a mixed contract for works and services to a single management agent for all seven boroughs who participated in the grant application. However as only LBE are proposed to be party to the proposed contract with the management agent, then LBHF will be awarding a contract to LBE (who in turn will sub-contract it).

Under the Public Contracts Regulations 2015 (the "PCR"), public bodies (which would otherwise have to comply with the tendering requirements of the PCR) are able to collaborate and award contracts within that collaborative group without following the usual tendering requirements. To rely on this exemption set out in reg 12, all of the following conditions have to be fulfilled:

- (a) The contract implements a co-operation between the participating authorities, with the aim of ensuring that public services they are responsible for are provided with a view to achieving common objectives;
- (b) The implementation of that co-operation is governed solely by considerations relating to the public interest;
- (c) The participating authorities perform on the open market less than 20% of the activities concerned by the co-operation.

Here it is understood that there are no activities to be conducted on the open market, as the collaboration is established solely for the local authorities to expend the grant money, there is no general offer to homeowners and private tenants from which a

profit is derived. While it is the case that homeowners and private tenants (and their landlords owning the properties) will benefit from these works, the purpose of the authorities' co-operation is in the public interest to reduce carbon emissions.

It is therefore open to the Council to rely on the reg 12(7) exemption where satisfied that the three conditions are met.

A contract of this value is a High Value contract and so is normally required to be tendered as set out in CSO 19.1. Contract Standing Orders have specific provisions dealing with such collaborations, and a waiver of the usual tendering requirements has been granted in anticipation of this award report, on the basis that a specific legislative exemption applies.

It will also be important, where a proposed beneficiary is a private sector tenant, for the Council to ensure that the landlord/ managing agent and any ultimate freeholder (if different) has consented to the proposed works.

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### **Background Papers Used in Preparing This Report - None**

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

1. In July 2020 the government announced £2 billion of support through the Green Homes Grant to cut carbon, tackle fuel poverty, and create green jobs. This includes up to £1.5 billion of support through energy efficiency vouchers and up to £500m of support allocated to local authorities through the LAD scheme.

2. Hammersmith & Fulham (H&F) has jointly won £4.78m grant funding from the LAD scheme as part of a consortium bid of seven London boroughs, led by Ealing, to carry out energy efficiency and low-carbon retrofits for low-income households in the private sector. The funding is expected to cover improvements to between 50 and 100 homes per borough.
3. The funding helps H&F to deliver its commitment to a net zero carbon borough by 2030. The funding is to be spent on energy efficiency measures such as insulation and low-carbon heating for the borough's most energy-inefficient homes: those with an energy performance certificate (EPC) rating of E, F or G. This will reduce the borough's carbon footprint in one of its greatest sources of emissions, with housing representing 37% of borough emissions. Implementing a measure such as solid wall insulation alone on 50–100 homes potentially saves between 31 and 110 tons of carbon per year.
4. The funding tackles fuel poverty by improving properties lived in by low-income households. It is targeted at households earning under £30,000 per year living in private owned or rented homes.
5. The funding also supports a green, local recovery from Covid-19, with 80-110 jobs across West London forecast to be supported by the works.
6. As a consortium bid the London Borough of Ealing (LBE) is acting as lead authority in managing the grant. This report seeks approval for LBE, as lead authority for the bid, to act as delivery agent for the funding on H&F's behalf. H&F will have final validation and approval of all spending on properties within the borough to ensure the expected outcomes from the grant are met. It will also have an important role in identifying suitable households.
7. LBE will in turn sub-contract the works and services for which it is appointed by the Council. An open tender process is being used and a managing agent will be appointed to undertake EPCs on properties and have responsibility for the works completed at the eligible homes. Where the managing agent uses a supply chain, they will be encouraged to use local small and medium sized enterprises (SME) in the borough who hold TrustMark/MCS certification. The government has imposed tight timelines on delivery of these works, with all works to be completed by 31<sup>st</sup> March 2021. An urgent decision is needed due to the tight timeline for delivery conditional to the award. Initial delivery is expected to commence in November, so spending will be required thereafter.

### **Reasons for Decision**

8. The consortium bid requires a lead partner to manage and deliver the works and services required following the grant allocation from government. Approving the appointment of London Borough of Ealing will allow works to commence within the borough.

## **Equality Implications**

9. There are no negative implications for groups with protected characteristics, under the Equality Act 2010, associated with the acceptance of the grant award outlined in this report.
10. The grant funding aims to support low-income households in the borough that are at risk of experiencing fuel poverty, thus a positive impact is anticipated for this specific group.

*Implications completed by: Fawad Bhatti, tel. 07500 103617*

## **Risk Management Implications**

11. *There is a risk that the funding awarded to the Council may be withdrawn if the project delivery is delayed, such measures are not unusual in grant awards that seek to ensure programmes and projects are delivered in a timely manner. Benefits contribute to management of environmental risk and to tackling the climate emergency.*

*Implications verified by: Michael Sloniowski, tel: 020 8753 2587*

**List of appendices: None**