

**REPORT OF THE GROUP MANAGER, GROWTH AND ECONOMIC  
DEVELOPMENT****GREEN HOMES GRANT LOCAL AUTHORITY DELIVERY SCHEME****Purpose of the Report**

1. To seek urgent permission to apply to the Department for Business, Energy and Industrial Strategy (BEIS) for the Green Homes Grant Local Authority Delivery Scheme.

**Information**

2. The Chancellor of the Exchequer announced £2billion “green” funding in July aiming to save households money, cut carbon emissions and create green jobs. Some £500 million of this funding has been earmarked for Local Authority delivery to ensure those in low-income households will be able to benefit from energy efficiency upgrades.
3. The Scheme aims to deliver energy efficiency upgrades to low income and low energy efficiency rated homes, including those households living in the worst quality off-gas grid homes. Funds under this scheme will enable Local Authorities to support low-income, fuel-poor households in their local area.
4. In the first phase of funding, launched on 4 August 2020, £200 million is available to Local Authorities in England to upscale existing and new proposals which will deliver home upgrades to low-income, fuel poor households. The deadline for applications is at noon on 1 September 2020, hence the urgency of this report. The grant must be spent by the end of March 2021.
5. Currently the County Council acts as accountable body for the delivery of the Warm Homes Fund (WHF) in partnership with the energy company E.ON. The WHF project will provide some 550 first time central heating systems for fuel-poor households across the County. The project is overseen by the Warm Homes Hub, a partnership including the County Council, all the Nottinghamshire Local Authorities, E.ON, Age UK Nottinghamshire and the Nottinghamshire Energy Partnership. The Warm Homes Hub will oversee the delivery of the BEIS funding.
6. This new funding from BEIS will complement this existing activity and will extend the current WHF offer and the WHF funding can be used to match this grant. The BEIS grant will be a useful addition to the project to fund additional work required but currently ineligible. As with the Warm Homes Fund the Council will work in partnership with E.ON.

7. The bid will be seeking funding to provide an additional 125 measures comprising solid wall insulation, air heat pumps, solar thermal heating, windows and doors, loft and cavity wall insulation. The total bid is £1.27 million covering all aspects of installation and delivery.
8. The delivery and financial structures to deliver the WHF are already in place and it is anticipated these can be extended to cover the BEIS grant. There is a concessions agreement in place with E.ON to deliver the Fund which essentially places the responsibility for delivery and the management of risk with E.ON. The County Council submits a quarterly monitoring report and funding claim on behalf of the project and passports the funding to E.ON. It is proposed that the similar arrangements to deliver the BEIS funding be adopted. County Council funding is not required nor sought towards the costs of the Warm Homes Fund and the same applies to the new grant from BEIS should the application be successful.
9. However, following further review of the BEIS requirements and discussions with E.ON, legal advice has been sought on the State aid and procurement aspects of the Green Homes Grants scheme in delivery. In particular, successful Council applicants will enter into a Memorandum of Understanding with BEIS which will include requirements:
  - to confirm that the application is state aid compliant;
  - to obtain all relevant declarations including under the “De Minimis Regulation”;
  - to confirm that expenditure of monies under the Green Homes Grant Scheme will be compliant with “all relevant requirement of UK and EU” public procurement law, ie the Public Contracts Regulations 2015.
10. Following review the Council does not regard the terms of the draft Memorandum to be unduly onerous on the Council or the ultimate recipients of the aid. Any funding conditions that are relevant including repayment of grant funds if conditions are not met will be entirely backed off in a separate agreement with E.ON. Furthermore, as part of this agreement, arrangements are being put in place with E.ON to ensure that the sums paid with respect to the works / services being undertaken by them will represent market value, and E.ON will not be subject to excessive remuneration which might allow them to be defined as a recipient of unlawful state aid including commitments to:
  - provide a solution which provides value for money at a market rate for the works and services being undertaken;
  - agree a process with the Council, allowing scrutiny of the costs;
  - following scrutiny, should it be required, ensure a claw-back provision is enabled, allowing the Council to recover any resources paid out.
11. In principle at least at this stage, E.ON has agreed to the above commitments. This will be subject to further on-going discussions on finalising the terms of such an agreement after the submission date.
12. Other organisations that could be recipients of state aid particularly Landlords and Housing Organisations under this scheme will be asked to give appropriate declarations that they fall within a de minimis qualification, ie that the benefit being received from state aid support is less than 200,000 Euro over a rolling 3 year period. In addition to this, because of the nature of Housing Associations in making available properties to those who are unable to afford market housing, there will be a strong argument that the support provided falls within the general categorisation of supporting organisations which provide “*Services in the General*”

*Economic Interest*, ie there is a “*public benefit*” exemption. If support were to be given to private Landlords the Council would request that they are likewise required to self-declare their “de minimis” exemption.

13. The requirement to comply with the Public Contracts Regulations 2015 is easily satisfied because works below £4.73m in value are below the threshold requirement to carry out an “OJEU” compliant process.

### **Other Options Considered**

14. Given the short timescale and the process for bidding, there are no other options to consider. Given the considerations referenced in paras 9 – 13 above, while a submission can be made, should the Council fail to secure an agreement on the required assurances, then the submission will be withdrawn.

### **Reason for Recommendation**

15. The County Council has the systems in place to deliver through those adopted with the Warm Homes Fund and can deliver the BEIS funding through those routes, in partnership with E.ON. The Council is well placed to bid at short notice and can use existing structures to deliver the programme by March 2021. These being subject to the considerations referenced regarding State aid and procurement above.

### **Statutory and Policy Implications**

16. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Implications for Sustainability and the Environment**

17. This project will support a green recovery in response to the economic impacts of COVID-19 and help some of Nottinghamshire’s more vulnerable fuel-poor households (including the elderly and disabled) where they experience difficulties in heating their homes and meeting the associated costs.

### **Financial Implications**

18. No funding from Nottinghamshire County Council is sought or required.

## **RECOMMENDATION**

An urgent decision is required which cannot wait until the next meeting of Policy Committee. It is therefore proposed that:

- (a) the Chief Executive agrees to the submission being made to the Green Homes Grant Local Authority Delivery Scheme, subject to an agreement being secured between E.ON and the County Council on the delivery of a State aid compliant scheme;
- (b) Delegated authority is given to Nottinghamshire County Council's Chief Executive or other officer with appropriate delegated authority, to sign the Memorandum of Understanding with BEIS subject to (a) above;
- (c) A report is presented to a future Policy Committee outlining the decision taken.

**NICOLA M<sup>c</sup>COY-BROWN**  
**Group Manager, Growth and Economic Development**

**For any enquiries about this report please contact:** Trish Adams, Growth and Economic Development Tel: 0115 977 2042

### **Constitutional Comments (BM 27/08/20)**

19. Arrangements are being put in place with E.ON to ensure that the sums paid with respect to the works / services being undertaken by them will represent market value, and EON will not be subject to excessive remuneration which might allow them to be defined as a recipient of unlawful state aid.
20. This decision may be approved by the Chief Executive as an urgent decision, in accordance with the Council's procedure for taking urgent decisions, where the Council needs to be able to respond quickly where failure to do so would not be in the public interest. This includes circumstances where a failure to take the decision quickly would or would likely, harm the interests of the Council and the public. In this instance, a delay is likely to result in the missed opportunity of submitting a bid for funding as a consequence of delaying this decision until the next Policy Committee in September.

### **Financial Comments [RWK 20/08/2020]**

21. Whilst the County Council will be submitting the bid to BEIS for Green Homes grant funding, any funding received will be passed on to E.ON who will be undertaking all works. There is no requirement for County Council funding should the bid be successful. Therefore, there are no specific financial implications arising directly from the report.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- *Green Homes Grant: Local Authority delivery. Guidance for Local Authorities*, published August 2020 and available online at:  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/906545/local-authority-delivery-scheme-guidance.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/906545/local-authority-delivery-scheme-guidance.pdf)
- *Warm Homes Fund*, report to Policy Committee, published 18 September 2019

## **Electoral Division(s) and Member(s) Affected**

- All