



Green Homes Grant Local Authority Delivery (LAD)

Alex Krzesinski, YES Energy Solutions
Liz Webster, North Lincolnshire Council

Overview

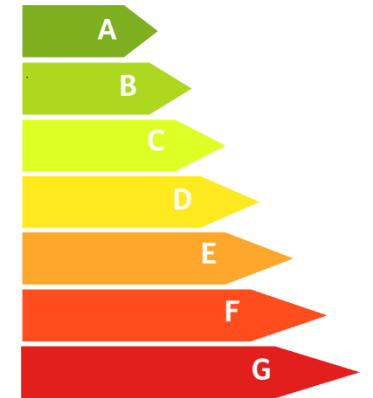
- What is LAD?
- Phases of LAD funding
- Making the case (*bid, procurement, project development*)
- Mobilisation
- Reporting
- Challenges and risk management
- North Lincs LAD schemes



Introduction to LAD funding

The Government ring-fenced £500m in August 2020 for local authorities in England as part of the Green Homes Grant.

Launched to raise the energy efficiency of low income and low energy performance homes to help reduce fuel poverty, phase out fossil fuel heating, and progress towards net zero.



Tenure types	Owner occupied, private and social landlords including housing associations
Property types	All property types in EPC band E, F, G; 50% allocation for EPC band D
Funding per household	£10,000 for owner occupied £5,000 for social & private renters plus one third of costs contributed by landlord
Measures available	Insulation and low carbon/renewable heating
Householder eligibility	Low household income (i.e. under £30,000)

Phases of LAD funding

Phase 1A

- Launched Aug 2020
- 4 week application window
- £500,000 minimum bid
- £74m of funding to 55 LA projects
- Delivery deadline of March 2021 (ex Aug)

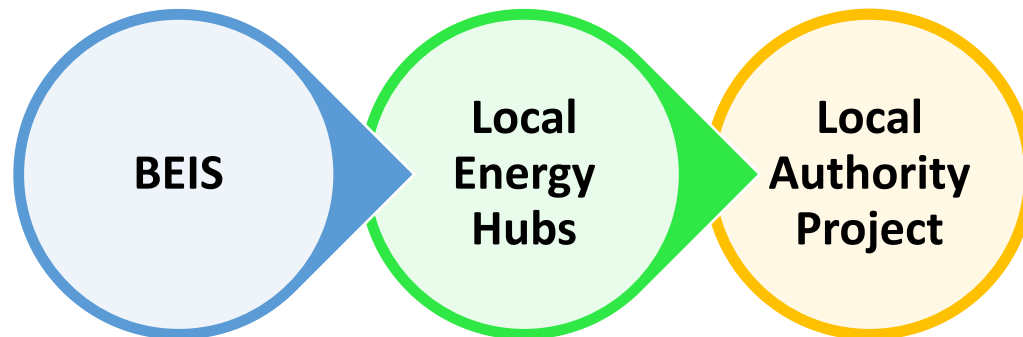


Phase 1B

- 6 week application window
- More detailed delivery plan required
- Inclusion of band D rated properties
- £126m to 81 LA projects in Jan 2021
- Delivery deadline September 2021

Phase 2

- Funding distributed via five Local Energy Hubs
- £300m to be allocated in 2021/22 financial year
- Minimum proposal of £125,000
- Project proposals reviewed by the Hubs
- Schemes will run April to December 2021
- EPC band D rated homes can make up to 50%



Phase 3

- £200m will be made available for new projects
- The main criteria should remain the same as those in the first two phases
- Full details yet to be announced

Bid writing

Section 2 - Strategic Fit

- Detail on target homes – tenure, property type
- Measures to be offered
- Current EPC SAP scores, fuel types and likely increases

Section 2 – Value for Money

- Breakdown of costs
- Labour, materials, marketing, additional costs

Section 3 - Delivery Plan and Targets

- Timelines
- Commercial partnerships
- Quality assurance
- Monitoring, evaluation, reporting

Section 4 - Risk and fraud prevention

High level detail on risks and mitigation

Section 5 – Additional capacity

Ability to service more properties in additional phases



Impact of PAS2035 regulations

New processes for contractors required for government funded schemes.

Extra steps added through retrofit coordinators to consider a retrofit strategy for the full property.

Additional costs and pressure to fulfil requirements within budget and in given timescales.

Additional ventilation requirements to tackle damp and other related problems.



LAD phase 2 procurement

Councils should consider procurement ahead of an application.

Consider whether existing partnerships and frameworks can be utilised for advice and delivery.

Trusted support partners on frameworks are crucial to delivering schemes to the reporting and quality levels required.

If you need to start from scratch, be aware of tight timelines and demanding requirements.

Are DPS procurement routes available for your area for fast procurement?



Funding award process

1. 10% of the total Grant Amount within 30 days of signing the award letter.

2. Mobilisation Payment (Used for stock analysis or modelling) of £2,750 per LA

3. 30% of grant released after approval of the proposal

4. Quarterly payments on condition of reporting requirements have been met



Mobilisation

Local supply chains – tight timescales require efficient partnerships.

Manufacturers and installers may struggle to keep up with demand. Contingency plans should be in place.

Risk assessments and diligent fraud reporting for BEIS:

- Covid-19
- Supply Chain
- Fraud
- Timescales
- Cost Inflation
- Consumer Demand
- Weather

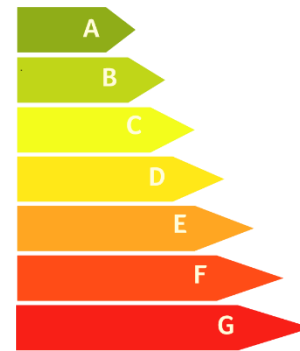
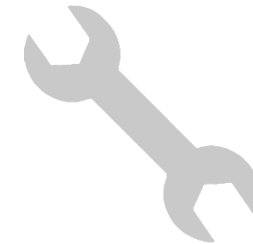


Reporting

Monthly requirements:

- Number of applications and measures
- Costs
- EPC improvements
- Energy, carbon and bill savings
- Risks/ issues and mitigation

Support from BEIS via Q&A sessions.



Risks to be aware of

Supply chain	<ul style="list-style-type: none"> • Capacity of individual installers – rely on sub-contractors • Supply of materials
KPI's	<ul style="list-style-type: none"> • Reporting requirements • Funding release • EPC band C unachievable for certain properties
Fraud	<ul style="list-style-type: none"> • Mitigation requirements
Costs	<ul style="list-style-type: none"> • Inflation • Impact of PAS2035
Householders	<ul style="list-style-type: none"> • Effective promotion required to meet KPIs
Weather	<ul style="list-style-type: none"> • Directly affects render process of EWI installations
COVID-19	<ul style="list-style-type: none"> • Householder hesitancy due to health • Impact of lockdowns on the supply chain



Things to consider

Bid	<ul style="list-style-type: none"> • Procuring the right organisations quickly – consider DPS routes • Utilisation of customer journey support partners if available • Realistic time frames and costs – easy to over promise • Support available from your Local Energy Hub
Mobilisation	<ul style="list-style-type: none"> • Installer and manufacturer capacity for popular measures • Flexibility with funding allocation – choose multiple measures • Impact of PAS2035 on timeframes and costs • Contingency plans for a number of risks • Supply chain and material shortages
Reporting	<ul style="list-style-type: none"> • Requirements – collecting data from trusted contractors • Capacity to fulfil requirements vs outsourcing reports

BEIS evaluation

BEIS aim to learn lessons to guide the future of energy efficiency retrofit funding.

Interviews and market assessment surveys led by evaluation contractors appointed by BEIS.

Local authorities and lead delivery partners will be required to participate.



Department for
Business, Energy
& Industrial Strategy



LAD in North Lincolnshire

North Lincolnshire Council is providing fully funded EWI to residents on low incomes.




Phase 1A

- Funding awarded for 53 properties ✓

Phase 1B

- Expanded to £1.5m for the install of EWI for a further 100 homes ✓

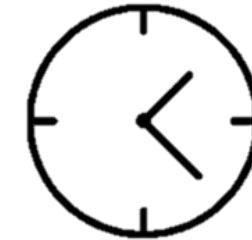


Homeowners and private renters receiving fully funded EWI, improving the look and feel of the most inefficient property types.

YES' procurement



The first phases of LAD had tight application timeframes which made it difficult for procurement processes.



The council did not have the time, resources or capacity to carry out a formal procurement exercise.



YES and North Lincolnshire have an existing relationship through ECO and Warm Homes Fund schemes.

YES had the knowledge and infrastructure to support the bidding process.



Park Homes

Park homes were an ideal choice for the project due to:

- Low income households
- Vulnerable demographic (i.e. elderly)
- Inefficient property type (thin walls)
- Close community encouraging word of mouth
- Site manager relationships



Strong results in North Lincs

53 properties installed with EWI completing Phase 1A by end of June.

Improved the look and feel of properties in Scunthorpe – many were park homes or system built metal homes.

Installs booked for 72 properties in Phase 1B with 106 applications to process.



Challenges

Installers	<ul style="list-style-type: none">• Early payments for installers often required• Focussed on installs rather than paperwork / reporting
Delays	<ul style="list-style-type: none">• Contractor capacity – contracted on multiple schemes• Poor weather causing issues with EWI installs• COVID-19
Reporting	<ul style="list-style-type: none">• BEIS reporting changes – new processes every few weeks• Slow responses on queries from BEIS• Lodgement of EPCs – software problems
KPI's	<ul style="list-style-type: none">• Tight timescales – lead to deadline extension• High cost to achieve EPC band C - £10,000 threshold a challenge for F&G



YES Energy Solutions

Multi award winning, growing Community Interest Company.

Mission: alleviate fuel poverty and reduce carbon emissions in the UK.

We partner with local authorities providing funding and management services to deliver energy efficiency projects.

Appointed as a Customer Journey Support Partner in LAD2.

In 2020/21 we:

- Funded over 4,300 energy saving measures
- More than 2,900 homes
- Helped residents save over £36.4m on lifetime fuel bills
- Partnered with 23 local authorities.



Green Great Gracious

Benefits brought to North Lincs

- Improving our most inefficient property types – park homes, system built houses.
- Providing vulnerable residents with EWI that they would not have been able to afford.
- Lowering fuel bills for people on low incomes.
- Reducing household carbon emissions in our area.
- Providing a positive impact on our overall fuel poverty strategy, feeding into our HECA reports.
- Positive response from residents.
- Strengthening partnerships and supply chains for future development.

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Challenges for North Lincs

- Capacity to understand fast paced developments from BEIS which include guidelines and legalities.
- Reliance on third parties to fill the knowledge gap.
- Reporting requirements needed to be handled by YES.
- Short timeframes allocated for application windows putting pressure on procurement exercises.
- Reputation amongst residents when problems arise on installs.
- Internal challenges when involving other internal teams (i.e. Building Control, Legal, etc).
- Raising EPC to band C became infeasible for park homes within the £10,000 allocation. Heating measures would have been needed to supplement insulation.

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North Lincs approach to LAD2

- Part of the Midlands Energy Hub's programme of works.
- Project to provide a number of measures which include solar PV, EWI and loft insulation.
- Provision for 98 measures in 83 homes for both homeowners and private renters.
- Continuing to work with YES Energy Solutions by utilising them as a Customer Journey Support Partner.



Thank You

Any questions?

YES Energy Solutions

T: 01422 880100

W: www.yesenergysolutions.co.uk

