

Briefing for local authorities: Green Homes Grants scheme & the relationship with long term retrofit strategy

Background

In April 2020 UKGBC and partners launched 'Accelerator Cities', a programme designed to support local authorities on home retrofit, by providing a range of resources and opportunities for collaboration. For more information on Accelerator Cities, please see: <https://www.ukgbc.org/ukgbc-work/accelerator-cities/>. The focus of the programme is on comprehensive, joined up, long-term and locally-led retrofit programmes.

On the 8 July 2020, the Chancellor Rishi Sunak announced a time-limited, national scheme - the '**Green Homes Grant**' (GHG), to support the green recovery. One strand of the programme earmarks £1.5bn in vouchers of up to £5,000 to help homeowners upgrade their homes, and up to £10,000 available to some of the UK's poorest families, running from September 2020 until the end March 2021. The GHG scheme represents an opportunity to catalyse action on home retrofit. However, there are also many potential pitfalls, not least the potential for serious damage to people's homes through badly installed energy efficiency measures.

Details of the GHG can be found here: <https://www.gov.uk/government/news/quality-assurance-at-heart-of-new-2-billion-green-homes-grants>

The second strand of the GHG allows local authorities to directly bid for funding to deliver works in homes with an EPC of E-G in their area, across all tenures. In the first phase of the programme this financial year, local authorities – either individually or as part of a consortium of local authorities – can bid for a minimum of £500,000 from a £200m fund for delivery by the end of March 2021. A subsequent £300m tranche of funding is intended to be disbursed through Local Energy Hubs in 2021/22, for delivery by the end of March 2022.

Details of the Green Homes Grant Local Authority Delivery scheme can be found here: <https://www.gov.uk/government/publications/green-homes-grant-local-authority-delivery-scheme-entering-a-bid>

This briefing is intended to provide guidance to local authorities on the immediate steps they can take to help ensure that the GHG scheme is of benefit locally, avoids potential pitfalls and is used – as far as possible – as a helpful catalyst to a locally-led, comprehensive long term retrofit programme.

A vision for local authority-led retrofit strategies

In order to fully capitalise on the GHG scheme, it is important for local authorities to have a clear sense of what a long-term, comprehensive programme of action on home retrofit will look like in their area. This comprehensive programme is the central focus for Accelerator Cities in 2020 and is built on our extensive consultation in 2019 which identified the barriers and opportunities in city-wide retrofit strategies. We know from work done to date that a local authority-led retrofit programme is highly likely to include the following component parts:

- Setting out a comprehensive strategy for retrofit including undertaking a baseline assessment of local building stock and setting targets for retrofit

- Undertaking a skills map and needs assessment in the local area and supporting the development of training
- Developing/supporting one-stop-shop models for the private and social sectors
- Coordination of blended funding sources
- Engaging with householders and landlords with messages that resonate with them as individuals
- Engaging with the supply chain for quality assured interventions for individuals and group buying schemes

Further information and resources will be made available over the course of 2020 that provide evidence, case studies and guidance on the above.

The role of phased whole house retrofit plans

Whilst not built into the GHG scheme, the importance of phased whole house retrofit plans has emerged as a foundation for achieving local authority net-zero ambitions and ensuring homeowners receive the best advice through an understanding of energy efficient home upgrades as a holistic journey. The emphasis on quality assurance and role of Trustmark and MCS in the announcements around the GHGs are welcome and the extent to which the www.simpleenergyadvice.org.uk platform - which will recommend individual works that can be funded through the GHGs - will be able to present a comprehensive approach will be clear by the end of August.

The sector is at an early stage in growing the skills base necessary to promote and support a whole house approach at scale, with the rigour laid out in PAS2035¹, but the high profile nature of the GHGs provides an ideal opportunity to develop interest, understanding and capacity across local authorities and their communities in this longer term approach.

Key recommended actions for local authorities

These recommendations are split into short-term actions, associated with immediate steps to leverage the GHG scheme, and medium-term actions which are needed to support the transition to a comprehensive long-term programme. We also recognise that different local authorities will have different resource and capacity constraints, and therefore have offered a spectrum of suggested activities; from resource-light 'easy-wins' – e.g. providing resources and information on web channels - to more complex, longer term actions.

'Do Now'

Participation

- Assess whether any existing programmes can be extended or amended to allow for delivery of any of the GHG programme strands – review capacity, evidence base, delivery routes and internal appetite to participate.
- Consider collaborating with other boroughs to submit a bid for the Local Authority Delivery scheme, either as the lead or member of a consortium bid
- Ensure all LA delivery partners are properly accredited by Trustmark or MCS
- Investigate the opportunity to utilise the different strands of the GHGs and blend other funding sources to support a neighbourhood-based approach, working as appropriate with community

¹ The PAS provides a specification for the energy retrofit of domestic buildings and best practice guidance about domestic retrofit projects.

networks, where homeowners across different tenures could be encouraged to participate on a 'group' basis

Promotion:

- Provide information on the programme parameters and eligibility criteria through community networks to ensure communities are aware of the programme and can link it to their existing referral pathways.
- Combine this with an appropriate level of communication to residents around the benefits of retrofit, the importance of whole house plans, and the importance of using only accredited installers and suppliers.
- Brief Councillors about the GHG and encourage them to publicise the scheme through their networks
- Engage with Communications and web teams to provide information on local authority websites and promote this through available channels
- Review details of any residents that have been through other energy efficiency programmes and, where permissible, contact them again to let them know about the programme and how to apply
- Work with existing sector partners to engage with the supply chain to promote the GHGs, accreditation through Trustmark and MCS and capacity-building for whole house approaches

Support:

- Check and update your ECO Statement of Intent in line with the guidance
- Brief Trading Standards to prepare them for the GHG and to ensure they are ready to step in if there are any issues identified
- Provide information and lines to take on the GHG to your customer service centre so they are aware of how to support any residents who get in touch about the scheme

'Do Soon'

- Convene a group of key local stakeholders and use the opportunity of the GHGs to start the process of establishing a coalition that can support the development of a city-wide strategy
- Engage with your Local Energy Hub to ensure you are kept up to date with details of the 2nd phase £300m GHG funding that will be distributed through them
- Liaise with your Economic Development/Education & Skills teams to make them aware of the programme and identify opportunities to provide funding through existing programmes to scale up or start training to increase the local supply chain. Particular emphasis could be placed on PAS 2030 and PAS 2035, MCS and Trustmark given the emphasis on these qualifications in the GHG guidance
- Internal engagement to gauge the appetite to participate in the second phase of the local authority element of the programme
- Initiate procurement or extend existing arrangements to allow for delivery under the second phase of the programme
- Consider scope for procurement models such as frameworks which have a wider geographical reach and cover multiple boroughs. This allows resource-constrained boroughs to get involved and could make the opportunity more attractive to bidders by increasing the scale they can work at

Key recommended actions for central government

- Government should confirm, as soon as possible, that the GHG is intended to be one of a number of first steps in a longer-term buildings energy efficiency and decarbonisation plan. Government must set out the longer-term approach to decarbonising heat and the wider trajectory to zero-carbon (existing) homes, placing these short-term programmes in the broader context to give confidence to local authorities and industry to invest and upskill
- We appreciate that the Government has already set out a commitment in its manifesto to invest at least £9.2 billion in energy efficiency schemes for buildings – originally envisaged as £6.6 billion in this Parliament and £2.8 billion in the next. The Energy Efficiency Infrastructure Group estimates that to improve all UK homes to an energy performance rating of C by 2030 will require £73 billion investment in total. At least £18 billion of this would need to be public investment additional to the Energy Company Obligation and Devolved Nation programmes, bringing the policy support total to £25 billion over 10 years. The manifesto pledge of £9.2 billion is therefore the minimum that needs to be invested in this Parliament
- As part of this funding, Government should support and provide necessary resources to enable local authorities to take a strong coordination and communication role for the GHG scheme and longer term retrofit programmes
- Government should take steps to ensure longer term consumer demand. This is especially important as industry has been bruised in the past by stop-start programmes and funding streams, and we must at all costs avoid a repeat of this when the GHG scheme ends in March 2021. These demand drivers should include the following regulatory measures and other incentives:
 - A clear trajectory for the improving the MEES for the domestic private rented sector to EPC Band C by 2030;
 - A mandatory minimum EPC rating of C for owner-occupied homes at the point of sale;
 - Reinstatement of the Landlord's Energy Saving Allowance;
 - Restoring the 5% rate of VAT on energy saving products;
 - Introduction of a revenue-neutral stamp duty incentive;
 - Offering low- or no-interest loans, or Government-guaranteed private sector lending, for energy efficient renovation and low carbon heating systems.
- Government should encourage and enable local authorities to pilot local financial mechanisms and incentives for retrofit
- Government should take steps to ensure that, as far as possible, the GHG delivers whole house solutions, as opposed to single or inappropriate (or inappropriately sequenced) measures. As currently planned, the scheme will not require householders to have their homes properly assessed or to demonstrate that they have followed the recommendations of the Simple Energy Advice service. This could lead to unsatisfactory outcomes and the erosion of householder confidence in the scheme.
- Government should permit the blending of GHG with ECO funding, and the proposed Clean Heat Grant (brought forward), incorporating safeguards to ensure GHG funding is additional
- Government should review the approach to ECO in relation to gas boilers. Given that the GHG scheme and the recent consultation 'future support for low carbon heat' both exclude gas boilers yet ECO allows them, there is clearly a need to clarify the approach



Partners



Supporters

