

**‘GREEN HOMES GRANT LOCAL AUTHORITY  
DELIVERY PHASE 2 MEMORANDUM OF  
UNDERSTANDING ’**



Department for  
Business, Energy  
& Industrial Strategy

Date: 20/12/2021

**Delivery deadline of LAD Phase 2 MOU to June 2022**

To Whom It May Concern

As per the Secretary of State decision to allow continued delivery of LAD Phase 2 we would like to inform you that you will be granted additional time to complete your works with a new delivery completion date of 30th June 2022. This is conditional upon signing and returning before 28 January 2022 a copy of this addendum to the ‘Green Homes Grant Local Authority Delivery Phase 2 Memorandum of Understanding’ agreeing the following changes to the MOU.

**CHANGED DEFINITIONS**

**“Funding Period”** is the period from initial allocation of the Grant to 30<sup>th</sup> June 2022.

**“Phase 2”** means the Green Homes Grant Local Authority Delivery Phase 2, comprising the activities and outcomes for the Funding Period in line with the Sourcing Strategy, and which starts on the date of this MOU and concludes 30<sup>th</sup> June 2022.

**“Eligible Household”** means a domestic dwelling in England that has an energy performance certificate rating of Band D, E, F or G and occupied by those with an annual household income of no more than £30,000. Note that Band D properties should account for no greater than 50% of total homes upgraded across the region.

From the date of this amendment to the MOU, additional Band D homes can be included over the 50% cap with the prior written approval from BEIS. However BEIS expects Hubs to continue to target EFG homes as a priority and minimise the proportion of additional Band Ds upgraded with LAD funding. Breaching the 50% Band D cap may be allowed by exception and will need prior written approval from BEIS, which can be obtained through BEIS’s change control process.

Additional Band Ds may be allowed provided that Local Net Zero Hubs follow a fabric-first approach, prioritising insulation measures which will have the largest improvement in thermal efficiency, carbon savings, and reduction in energy bills. Heat pumps can be installed in well-insulated properties, where their installation will not lead to an increase in energy bills for fuel poor households. Other measures such as solar PV should be minimised or, where proposed, a clear rationale for these measures must be provided, for example installing Solar PV to electric homes that have already been insulated.

BEIS also expects Hubs to follow a ‘worst-first’ approach with these additional Band D properties, so that the properties with the lowest SAP scores in the band are treated first where possible.

Under Phase 2, alternate methodologies for identifying eligible households may be used where they clearly evidence, they are targeting low-income households likely to be in fuel poverty. An alternate methodology may include total household incomes above the £30,000 threshold, for example in certain areas where higher housing costs mean the resultant household income after housing costs is likely to be below £20,000, or where the household composition means that incomes are stretched across many dependent children. A viable way of targeting fuel poverty households would be to use the income thresholds set out in Annex 6 of the Energy Company Obligation flexible eligibility guidance for Local Authorities.

### **CHANGED BACKGROUND**

*Paragraph 8:* The GHG LAD scheme sets out to improve low energy performance homes in England by installing Eligible Measures. An initial competition (Phase 1A) was launched in August 2020 with a delivery deadline of March 2021. A second round of the Local Authority competition (Phase 1B) launched in October 2020 with a delivery deadline of 29<sup>th</sup> April 2022. A further £300m is planned to be allocated through Local Net Zero Hubs for regional delivery commencing in 2021, with a delivery deadline of 30<sup>th</sup> June 2022 (Phase 2). In order to support the early creation of jobs as part of a green recovery, Local Net Zero Hubs will maximise delivery, so far as reasonably possible, by the end of March 2022 (“prioritised delivery”).

Hubs are required to complete all household registration for LAD Phase 2 by 31<sup>st</sup> March 2022 and installations carried out by 30<sup>th</sup> June 2022 unless additional time is agreed with BEIS under exceptional circumstances. Households signed up post 31<sup>st</sup> March cannot be actioned under LAD Phase 2. This will be tracked monthly through delivery of Eligible Measures. Hubs are required to register measures with Trustmark and submit their final report no later than 29<sup>th</sup> July 2022.

### **CHANGED PARAGRAPHS – THE GRANT**

*Paragraph 15:* The Grant is made available for use during the period from the date of this MOU until 30<sup>th</sup> June 2022

### **CHANGED PARAGRAPHS – AGREED USE OF UNDERSPEND**

*Paragraph 47:* In the event that the Authority does not use all the Grant to secure delivery of the Proposal by 30<sup>th</sup> June 2022

- a. The Parties will work together to agree how the Authority will spend any unspent Grant funding in line with the expected outcomes of the GHG LAD; and
- b. If the Parties are unable to reach an agreement described in sub-paragraph(a), the Authority agrees to repay the unspent Grant within 30 days of 30<sup>th</sup> June 2022.

*New paragraph 63A* **NEW KPI FORECAST AND EXTENDED REVIEW PERIOD**

The Authority will provide to the Project Team a new KPI forecast demonstrating delivery until 30 June 2022, to be received no later than 28 January 2022.

The Authority will work with the Project Team to undertake a review of their project and confidence in delivering by 30 June 2022. The review will take into account information in the Monthly Reports and performance against the KPIs and the MOU outcomes, as well as progress against the Proposal.

**ANNEX B – Grant Conditions**

*Annex B, Para 2:* The Chief Executive and Chief Internal Auditor of each of the recipient authorities are required to sign and return to the team leader of the Energy Efficiency and Local Division of the Department for Business Energy and Industrial Strategy a declaration to be received no later than 29 July 2022 in the following terms:

“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to GREEN HOMES GRANT: LOCAL AUTHORITY DELIVERY GRANT DETERMINATION (2020): No 31/5187 have been complied with”.

**Signed for and on behalf of the Secretary  
of State.  
Signature**

**Signed for and on behalf of the Authority.  
Local Authority Name:  
Signature:**

**Name: Steph Hurst  
Position: Deputy Director  
Date:**

**Name:  
Position:  
Date:**