



Department  
of Energy &  
Climate Change

# **GREEN DEAL COMMUNITIES – LOCAL AUTHORITY FUND**

## **Application Pack**

25 July 2013

# Green Deal Communities Local Authority Fund - Summary

## Aim:

To maximise the delivery of Green Deal Plans across whole communities/streets including to hard to reach sectors.

## Outline:

DECC is inviting local authorities (LAs), working with their local partners, to apply for funds of between £1m and £3m to help drive Green Deal energy efficiency improvements in their area. LAs are asked to come forward with ambitious and innovative proposals to deliver Green Deal Plans to as many properties as possible in target streets/areas. DECC funding can also be used to support those who choose to self-finance measures. Proposals which seek to reach areas which have not benefited under previous schemes are particularly welcome.

## Proposals will be judged on:

- the number and total value of Green Deal Plans that will be delivered;
- their sustainability in the long term (i.e. beyond the DECC funding);
- their credibility e.g. LAs will need to demonstrate that they have secured ECO funding to complement Green Deal Plans under their Green Deal Communities bid, and to have specifically identified the streets/areas targeted;
- their creativity in offering local incentives to drive demand for Green Deal Plans;
- consistency with state aid and procurement rules.

The full criteria are set out in section 3.5.

## What DECC might fund:

Within the parameters at para 2.19, LAs will have flexibility in how to deliver Green Deal plans with this capital funding. We would expect the following to be included:

- proposals to deliver 'hard to treat' measures to private households with a strong blend of Green Deal finance/ECO subsidy;
- a comprehensive offer to as many households as possible: some households in a street or area may fund measures by blending Green Deal finance and ECO, some may choose to self-fund measures (either partly or in their entirety), while others may be eligible for 100% ECO subsidy;
- creative approaches e.g. local incentives, working with local community partners;
- open homes to launch activity in an area; and
- proposals that deliver long term public value e.g. publically available plans/templates for how to retrofit local home types, or how to drive demand in hard to reach sectors.

# Contents

<b>Content</b>	<b>Paras</b>	<b>Page</b>
<b>Introduction</b>	1-8	4
<b>Section 2 – Detailed guidance notes</b>	-	5
Aims & objectives of Green Deal Communities	2.1 - 2.2	5
Eligibility	2.3 - 2.5	5
The DECC funding	2.6 – 2.15	5 - 7
Supply Chain programme funding	2.16 – 2.18	7
Parameters for Green Deal Communities bids	2.19	7 - 8
What Green Deal Communities capital funding might cover	2.20 – 2.22	8 - 9
<b>Section 3 – Assessing bids &amp; assessment criteria</b>	-	10
The bidding process	3.1 – 3.3	10
Assessing bids & criteria	3.4	10
Criteria and evidence that should be included in bids	3.5 - 3.8	10 - 12
Further information	3.9 – 3.10	12
<b>Application Form</b>		13

# GREEN DEAL COMMUNITIES

## Introduction

- 1 The Department of Energy and Climate Change is pleased to announce ‘Green Deal Communities’ a £20m capital funding programme designed to support Local Authorities (LAs), in conjunction with their community partners, to deliver the Green Deal to their residents. In addition £1m of linked programme funding is available to support the development of the Green Deal installer supply chain, particularly to support SME/micro installer organisations and facilitate their entry into the market.
- 2 Proposals are invited from LAs, or consortia of authorities, for bids of a minimum of £1m up to £3m to enable ambitious, large scale, whole street/area, or whole sector based Green Deal projects. DECC funding would be provided to support the installation of measures paid for using Green Deal Plans and ECO finance, or the occupants own finance. **Improvements funded entirely through ECO, without a contribution from the occupant or owner, cannot be supported by DECC funding.**
- 3 Applications may be submitted from September up to 31 December 2013 or when the £20m<sup>1</sup> of funding is exhausted, whichever is the sooner. Bids should be submitted electronically (using the proforma at annex A) to: [greendealcommunities@decc.gsi.gov.uk](mailto:greendealcommunities@decc.gsi.gov.uk)  
Details on the bidding process are set out in section 3.
- 4 All the funding for projects would be allocated by 31 March 2014 through grants to the lead LA under s31 of the Local Government Act 2003. However, delivery of projects may take place over the next year with completion ideally by December 2014.
- 5 Once bids have been approved a Memorandum of Understanding (MoU) between DECC and the LA or consortia of LAs would be agreed. Full payment of the grant funding (subject to s31 of the Local Government Act 2003) will be made on receipt by DECC of the signed MoU.
- 6 Following the successful allocation of funding, DECC would be very keen to work with successful LAs on communication plans relating to their Green Deal Communities’ programme to assist in maximising its impact both regionally and nationally.

### *Enquiries*

- 7 Any enquiries should be addressed in the first instance to:  
[greendealcommunities@decc.gsi.gov.uk](mailto:greendealcommunities@decc.gsi.gov.uk)
- 8 We plan to run a webinar session for enquiries on 12 September. Further details will be made available shortly.

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<sup>1</sup> DECC reserves the right to increase the funds available.

## SECTION 2 – Detailed Guidance Notes

### Aim and objectives of Green Deal Communities

2.1 The primary aim of the programme is to:

- enable LAs (and their local partners) to maximise the delivery of Green Deal plans across whole streets/areas including to hard to reach property sectors<sup>2</sup>.

2.2 The key objectives of the programme are to:

- maximise delivery of Green Deal plans and create future demand for the Green Deal;
- create a strong link to deliver joint Green Deal and ECO activity;
- build a market for high impact, hard to treat measures, such as solid wall insulation; and
- drive a street/area/sector based approach enabled by Green Deal/ECO.

#### Supply chain programme funding element

- to support training initiatives which assist SME's and micro-businesses, bringing them into the Green Deal and providing them with an opportunity to maximise the benefits.

### Eligibility

2.3 Green Deal Communities is open to LAs, or consortia of LAs, working with local community partners such as voluntary organisations and community energy groups<sup>3</sup>. For funding purposes a lead LA will be required.

2.4 Funding is being offered through LAs as, working with local partners, they are well placed to ensure that any proposals link with and enhance key local priorities such as regeneration, economic development and health. Proposals will also need to demonstrate how they support and enhance the LA's plans for area based delivery of energy efficiency measures as set out in their 2013 Home Energy Conservation Act report.

2.5 Where a household takes out Green Deal Finance or self-funds the installation of measures they will also be eligible for the cashback scheme, subject to the normal rules (e.g. that cashback is limited to 50% of the amount the household contributes).

### The DECC funding

2.6 To demonstrate the ambition that is being sought under the Green Deal Communities programme bids from LAs must be from a minimum of £1m up to £3m, although we are open to discussion of potentially larger bids. It is envisaged that similar levels of ECO funding would be required to ensure that bids are credible and deliverable.

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<sup>2</sup>Hard to treat sectors could include, for example, the private rented and non-domestic property sectors.

<sup>3</sup>For further information on developing local Green Deal schemes and partnerships see

[www.planlocal.org.uk/pages/energy-efficiency-and-the-green-deal](http://www.planlocal.org.uk/pages/energy-efficiency-and-the-green-deal)

2.7 **The primary funding for Green Deal Communities is capital funding** and must therefore be used in line with section 11 of the Local Government Act 2003, for example for the creation of an asset or the modification or improvement of an existing asset. However, given the scale of the projects envisaged it is recognised that there will be set up and on-going costs to administer projects and enable the funding to be capitalised. Therefore bids may include up to 10% of the total funding sought for this purpose.

2.8 The DECC capital funding is exclusively to support work that utilises the Green Deal framework i.e. work that uses authorised Green Deal Assessors, Providers and Installers. Funding is also only open available to support work where the occupant or owner makes a financial contribution to the costs of installing the measures, either through Green Deal Finance or by meeting these costs upfront. It is envisaged that the occupant or owner would make a financial contribution equivalent to the amount of the plan that could be paid for under the Green Deal golden rule. This contribution could be met either through a Green Deal Plan (i.e. by taking out Green Deal finance and paying the contribution in instalments via the electricity bill) or, where the householder chooses to pay their contribution upfront, an Energy Plan.

2.9 While DECC Green Deal Communities funding can be used in conjunction with ECO where a household is making a contribution it cannot be used to support the delivery of measures to households where there is no financial contribution to the installation of measures by the householder.

2.10 It is expected that projects will include streets or areas where there are also fuel poor households who are eligible for the Home Heating Cost Reduction Obligation. While such households would not be eligible for direct DECC funding there are likely to be wider benefits envisaged by projects e.g. more cost-effective offers from the economies of scale that can be realised from area based delivery. Such benefits might make individual households more attractive for ECO support, or from support of related LA action in the target area.

2.11 LAs may, in some instances, wish to make local finance available to occupants to support packages in place of Green Deal finance. Green Deal Communities funding would not be available to support projects which drew exclusively upon LA funding, as in line with the aims and objectives of the programme, proposals will be judged based upon the overall volume of Green Deal Plans they can deliver.

2.12 Also, in line with the objectives, DECC capital funding can only be used to support household packages that include the installation of major measures in 'hard to treat' properties or sectors, although other measures might also be included as part of a package. DECC is therefore seeking ambitious projects which can deliver 'hard to treat' insulation measures at scale linking directly with ECO subsidy.

2.13 Bids will need to identify target streets/areas/sectors, including the potential number of properties, and set out any potential planning issues and how these have been or will be addressed.

2.14 Under the Home Energy Conservation Act 1995 (HECA) English LAs were required to report to the Secretary of State by 31 March 2013 on the energy conservation measures that LAs considered practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in their area. As part of this requirement LAs were asked to set out the measures proposed that take advantage of financial assistance and other benefits offered from central Government initiatives to result in significant energy efficiency improvements (this would include Green Deal and ECO) and how these might be delivered on an area based/street by street roll out.

2.15 The Green Deal Communities programme is therefore expected to support existing LA plans and help develop new ones. Bids are therefore expected to set out how any funding would develop and enhance plans in a LA's 2013 HECA report.

### **Supply chain programme funding**

2.16 Feedback from engagement with SMEs and micro businesses suggests there may be barriers to investing in training at this time. Although such businesses may find it difficult to fund training they could potentially be major benefactors in the Green Deal. Engagement with this sector has confirmed that for many SMEs the potential costs of meeting the new Green Deal standards may be a barrier which LA initiatives could help overcome.

2.17 As part of LA's Green Deal Communities bid, DECC are therefore keen to receive **programme** funded proposals of between £100k and £200k that provide support for:

- SME and micro installer organisations through the Quality Management Systems part of the Green Deal installer certification process;
- getting SMEs and micro businesses through certification;
- installers to make appropriate links to develop their delivery network.

2.18 Bids for support for SMEs and micro businesses are preferred which demonstrate a connection with the measures that the LA capital bids are focussing on. This will ensure they are targeted at installer organisations who might install particular measures to meet the local need. As noted below, state aid rules must be fully considered and complied with when planning sector specific funding.

### **Parameters for Green Deal Communities capital bids**

2.19 To allow LAs as much flexibility as possible to develop innovative and creative capital proposals within the objectives of the Green Deal Communities programme (see para 2.2), DECC is setting broad parameters for bids. These are that:

- principal funding is for **capital projects** only, with a minimum threshold of £1m (and flexible cap up to £3m);

- projects must deliver significant retrofits across whole streets/areas;
- bids convincingly set out how energy bill payers will be engaged with and encouraged to sign up to Green Deal Plans<sup>4</sup>;
- bids must include evidence that ECO funding will be available to support the bid;
- funding is only to support work where a contribution to measures is made either through using Green Deal finance or by self-funding measures;
- bids must demonstrate that strong partnerships have been established to support delivery, including local community partners;
- bids should address potential local barriers, e.g. how have planning issues been addressed to support the bid and avoid delays;
- bids must demonstrate strong value for money;
- bids have a strong legacy component – enabling the Green Deal to be delivered across the LA area after the DECC funding project is complete;
- bids build in monitoring (including data collection) from the outset and commit to working with DECC’s overall Green Deal evaluation and sharing learning including case studies and open homes;
- comply with all state aid rules (including state aid de minimis thresholds) and procurement requirements.

All projects must use the Green Deal framework i.e. authorised Green Deal Assessors, Providers and Installers.

### **What Green Deal Communities capital funding might cover**

2.20 Green Deal Communities capital funds may only be disseminated to individuals (occupants or owners) and in respect of Green Deal Plans (or the equivalent of Energy Plans under the cashback scheme). Within these and the other parameters set out above, LAs are free to develop innovative, local approaches to deliver projects. As an example funding might be used to:

- subsidise a gap in funding solid wall insulation after the Golden Rule and ECO funding have been taken into account;
- refund the cost of successful Green Deal assessments that lead to Green Deal measures being installed;
- incentivise energy efficient ‘open homes’ – maximum one or two per street/area to launch the project and promote activity;
- incentivise Green Deal packages – e.g. prizes/rewards, a link to local council tax, payment holiday for first year etc;

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<sup>4</sup> While applications will be judged principally on the number and value of Green Deal plans delivered, projects may also support self-financiers where that enables a coherent offer.



- offer to small businesses in a street (e.g. household above a shop) although it is recognised that this will depend on the availability of finance to support non-domestic premises

2.21 Residential buildings installing Green Deal measures would also be eligible for the existing Green Deal Cashback scheme, subject to the rules of that scheme.

2.22 Activities that cannot be supported include:

- Green Deal assessments that do not lead to measures being installed;
- projects that cannot demonstrate how they will deliver Green Deal Plans or contribute to future demand for energy efficiency improvements through the Green Deal - DECC funding cannot be used to subsidise energy efficiency measures in households that do not make a financial contribution to the measures;
- projects with a significant focus on minor measures such as 'lofts and cavities'; and
- projects or initiatives that would constitute state aid.

## SECTION 3 – Assessing bids & assessment criteria

### **The bidding process**

3.1 To support the development of creative bids Green Deal Communities is subject to an open-ended bidding process. Bids can be submitted to DECC for consideration up to 31 December 2013<sup>5</sup> or until the funding is exhausted, whichever is sooner. To ensure transparency in the process DECC will publish an ongoing list of successful bids and amounts of funding awarded on its web pages at:

<https://www.gov.uk/government/news/green-deal-communities> as they are awarded.

3.2 A standing panel in DECC will endeavour to consider bids and either approve them, or provide written comments for consideration and proposed next steps by email to the bidder within 10 working days of the day of receipt of the bid. Depending on the circumstances it may be preferable to organise telephone conferences to discuss bids but either way DECC will endeavour to provide initial feedback within 10 working days of receiving the bid.

3.3 This bidding process will allow the opportunity for feedback on bids and the opportunity to develop bids before any funding is awarded. If both DECC and the relevant LA are content with the bid a Memorandum of Understanding would be agreed (as with the DECC Pioneer Places programme) between both parties. Once this is signed then all the funding for the project will be awarded to the LA as one single grant payment. The project could then be delivered over a period of time according to the bid. Ideally the work should be completed by the end of December 2014.

### **Assessing bids & criteria**

3.4 Proposals for funding will be judged by the DECC standing panel against the criteria below rating the bid as follows:

- A – fully meets the criteria.
- B – could meet the criteria with some clarification/amendment.
- C – does not meet the criteria.

to be successful bids will need to achieve the A rating.

### **Criteria and evidence that should be included in bids**

#### *(i) Delivering the Green Deal*

3.5 To demonstrate this, bids will need to set out:

- the target streets/areas that have been identified;

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<sup>5</sup>It is expected that bids will take a minimum of 6-8 weeks to prepare and that those completing bids may want to take advantage of the webinar on 12 September before submitting bids.

- the number of households that are being targeted;
- how many Green Deal Plans are to be taken up, including best estimates of low and high take up figures;
- a best estimate of how much Green Deal finance might be required;
- whether there is a working knowledge of the housing stock and measures required – if not, is there a plan to address this and in what timescale;
- whether a Green Deal assessor organisation or source of assessors has been identified to deliver the proposals;
- whether a Green Deal provider/s has been identified to deliver the proposals; whether a source of ECO subsidy has been identified to support the proposals.

(ii) *Innovative approaches with strong local partnerships in place*

3.6 To demonstrate this, bids will need to set out:

- a description of the delivery approaches being offered;
- details of any proposed local incentives to help drive demand;
- details of how the project will be able to make a comprehensive offer to as many occupants in the target street/areas as possible;
- how planning colleagues have been involved in developing the bid to address any potential planning issues affecting the proposals;
- if open homes are part of the bid - how many, how they will be utilised and how they will be selected;
- which local groups/partners have been involved in developing the bid;
- which local groups/partners will be involved in delivering the bid and how;
- how the proposals support existing and developing Green Deal supply chains;
- how the proposals build on existing plans/work, particularly in relation the LA's 2013 HECA report.

(iii) *Value for money*

3.7 To demonstrate this, bids will need to set out:

- how the funding supports the LA's aims for Green Deal and an outline of future plans, in particular how this funding will lay the basis for future delivery without DECC support;
- how much is being bid for under the Green Deal programme and a breakdown of how it is to be utilised;
- the level and sources of match/additional funding expected to be leveraged;
- the level of ECO funding that might be expected to support each building;
- how they demonstrate additionality i.e. how they will build on and complement existing actions. Funding cannot be used to replace funding for an existing project, including any projects to deliver statutory obligations, although they might be used to extend the geographical coverage, scope or scale of an existing project;
- how the DECC funding will enable creative delivery approaches;

- the key milestones in the delivery of the proposal and identify the key risks to delivery and how these will be addressed.

(iv) *Providing learning*

3.8 Successful projects will be expected to:

- provide progress reports and data on the funding and measures installed at individual properties (this will be covered in more detail in the Memorandum of Understanding with successful bidders);
- commit to sharing learning from the project, including delivering completed case studies showing before, during and after progress of work to promote a whole street approach; and
- commit to providing DECC with a self-evaluation at the end of the project.

### **Further information**

#### *State Aid*

3.9 Bidders will need to satisfy themselves and include a statement in the bid how their proposals will comply with State Aid rules, both in terms of direct receipt of funds and intended use/expenditure of those funds<sup>6</sup>.

#### *VAT*

3.10 Eligible Expenditure consists of payments by the grant recipient during the Funding Period for the purposes of the Project. Eligible Expenditure is net of VAT recoverable by the grant recipient from HM Revenue & Customs, and gross of irrecoverable VAT. This means that all grants are outside the scope of VAT.

### **DECC Green Deal team**

**25 July 2013**

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<sup>6</sup> Further guidance on State Aid can be found at <http://www.bis.gov.uk/policies/europe/state-aid>

## ANNEX A

## DECC Green Deal Communities Local Authority Fund

## APPLICATION FORM

**Please note:** completed bids should be submitted at the latest by 5pm on 31 December 2013 by email to [greendealcommunities@decc.gsi.gov.uk](mailto:greendealcommunities@decc.gsi.gov.uk)

## SECTION 1 – OVERVIEW OF PROPOSAL

<b>1.1 Applicant Details</b>	
<b><i>Lead Local Authority</i></b>	
Name of Local Authority	
Name of contact within the Local Authority	
Address	
Telephone number of contact	
Email address of contact	
Alternative contact name	
Telephone number of contact	
Email address of contact	
<b><i>Other participating Local Authorities (add rows as needed)</i></b>	
Name of Local Authority	
Name of contact within the Local Authority	
Address	
Telephone number of contact	
Email address of contact	

**1.2 Summary of the proposal**

Briefly give an overview of the proposal, how it will be delivered and by when (max 300 words)

**1.3 Stakeholder Engagement**

Describe how your proposal has been developed and will be delivered with local partners, including local community organisations (max 200 words)

## SECTION 2 – MEETING THE CRITERIA

### 2.1 Delivering the Green Deal (see para 3.5 of guidance notes)

Which streets and/or areas are to be targeted (please provide details, including postcodes)?	
How many buildings (households and/or businesses) are being targeted in total?	
Please provide a range of how many Green Deal Plans are expected to be entered into.	
Please give a best estimate of the range of the total amount of Green Deal finance that might be required	
Is there a good knowledge of the housing stock in the target streets, if not how will this be addressed in assessing the potential measures required?	
Has a source of Green Deal assessors been identified?	
Is there one or more Green Deal Provider/s in place to deliver? If not, how will this be addressed to deliver the proposal?	
Is an ECO provider in place to deliver? If not, how is ECO funding to be	

provided to support the proposal?	
Please describe how the proposal will facilitate ongoing Green Deal work once this funding programme has ended.	

## 2.2 Innovation & partnerships (see para 3.6 of guidance notes)

Please set out a description of how the proposal will be delivered including details:

- of any local incentives to be offered;
- of how comprehensive is the offer in the target street/area;
- of the delivery options proposed;
- on the use of show homes, where appropriate;
- how local supply chain will be supported and developed;
- of any planning issues and how these have been addressed.

Maximum 1000 words.

## 2.3 Value for money (see para 3.7 of guidance notes)

How much funding from DECC is being bid for? <i>Eligible expenditure is net of VAT recoverable by the grant recipient from HM Revenue &amp; Customs, and gross of irrecoverable VAT.</i>	
How will this be spent? (please provide a detailed breakdown) e.g: Measures £x Incentives £x Show homes £x Set-up/Admin costs for project (max 10%) etc	
Please provide a breakdown of match/alternative/ECO funding that the proposals will attract?	



How much ECO funding will be available to support each household as a %?	
How do the proposals deliver additionality?	

Please provide a table of the key milestones to deliver the proposals and a brief risk register with mitigation actions.

## 2.4 Provide learning

Please provide a brief description of how learning from the project would be collected and shared (max 200 words).

## 2.5 Installer Training

If bidding for the separate installer training funding briefly give an overview of the proposal and how it will support the development of the installer supply chain (max 200 words)

### Further information

- (i) Please explain how the proposals support and enhance the LA's plans for area based delivery of energy efficiency measures as set out in their 2013 Home Energy Conservation Act report.
- (ii) Please provide a statement of how the proposals have been considered against state aid requirements.

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