

Which English local authorities have received government grants for home decarbonisation?

September 2021

1. Introduction

Many local authorities are keen to play a lead role in decarbonisation. But do they have the resources to do so effectively?

Context and aims

The aim of this analysis was to identify which types of local authority obtained grants from two recent government funding programmes, the Green Homes Grant Local Authority Delivery scheme and the Social Housing Decarbonisation Demonstrator Fund.

Local authorities have a key role to play in helping the UK achieve its target for net zero emissions by 2050. As the National Audit Office (NAO) points out, local authorities are directly responsible for council housing, which comprises 7 per cent of homes, and they can influence other social housing providers (a further 10 per cent of all homes).¹ They have a duty to enforce minimum energy efficiency standards (MEES) for private rented properties. They can also use their leadership, convening and finance-raising

role to set up and co-ordinate large-scale retrofit programmes, including in private housing.²

However, while many local authorities are keen to play a lead role in decarbonisation, various bodies have argued that they do not yet have the powers and resources to do so effectively. For example, the NAO analysed the amount of grant funding received by different local authority areas through 22 recent government schemes for net zero activities and found that some local authorities received more than £50 per person while others received less than £12.50. It suggests that local authorities with more resources are better placed to bid for funding, especially when programmes have short timescales for applications, and that, as a result, funding may not be following need and 'leading' local authorities may be pulling away from the rest.

This paper builds on the NAO's analysis by exploring:

- The characteristics of local authorities that successfully bid for grants from the two recent government funding programmes for home decarbonisation.
- Whether there is evidence that funding for home decarbonisation is following need.
- Whether there is evidence that some particularly successful local authorities are pulling away from the rest.

Key findings

- **Two-thirds of English local authorities received some funding.** 224 of England's 339³ principal local authorities (unitary authorities, London boroughs, metropolitan boroughs, county councils and district councils) received grant funding from at least one of the schemes – 66 per cent of all local authorities.
- **But the majority took part as consortium members only.** 35 per cent of all local authorities received funding only as consortium members. One hundred and six principal local authorities, plus the Greater London Authority and Greater Manchester Combined Authority, won grants individually or as consortium leads.
- **Grants were unevenly spread across the English regions.** The largest number of grants went to the East Midlands, which received 23 grants. The North West, with eight grants, received the smallest number.
- **In some regions, virtually all local authorities got some funding while, in others, funding was concentrated among a few councils.** Funding was most regionally spread in London, where all 33 boroughs received funding, and was most regionally concentrated in the East Midlands, where fewer than 40 per cent of local authorities received funding.
- **The North East and West Midlands have a relatively small number of grants and a relatively low proportion of local authorities receiving funding.** The West Midlands also has a cluster of local authorities with high fuel poverty rates that received no funding.
- **There wasn't strong evidence that funding is following need.** We did not find a relationship between grants received and levels of fuel poverty or energy performance certificate (EPC) ratings. Nor did there seem to be a relationship between the number of 'improvable' socially rented dwellings (dwellings that are currently EPC D or below and have the potential to be EPC C or above) in a local authority and whether or not it received funding from SHDDF. It should be noted, though, that SHDDF only made a relatively small 14 grants, so even authorities with few improvable socially rented dwellings had the capacity to make improvements and benefit from the grants.
- **We did, however, find some correlation between grants received and deprivation levels.** There appears to be some correlation between the number of grants received by a local authority and its deprivation level in terms of the Index of Multiple Deprivation (IMD) 'local concentration' measure (which measures the deprivation levels of a local authority's most deprived areas). The local authorities receiving the most grants are more deprived, while those with the lowest IMD concentration did not receive any grants.
- **There is some evidence that grant-winning capability is concentrated in a group of local authorities.** Thirty-nine local authorities between them won 81 individual and consortium grants (54 per cent of the total).

About the funding schemes

The Green Homes Grant Local Authority Delivery (GHG LAD) scheme aimed to raise the energy efficiency of low-income and low-energy-performance homes in England. It was awarded in phases through a competitive mechanism. Local authorities could apply individually or as part of consortia.

Phase 1a launched in August 2020 with projects initially to be delivered by the end of March 2021; this was later extended to the end of August 2021. The government awarded £74 million through this phase.⁴ Phase 1b opened in October 2020 with a delivery deadline of September 2021, awarding £126 million in total.⁵ A further £300 million was awarded in Phase 2 to Local Energy Hubs in March 2021. A third phase was announced in March 2021 with a further £200m allocated to support low-income households living in homes on the gas grid. This analysis covers Phases 1a and 1b only.

The scheme funded energy efficiency and low carbon heating projects for low income

households, with the aim of reducing fuel poverty and reducing carbon emissions from homes. Phase 1a could be used to upgrade homes with EPC ratings of E, F or G, including off gas grid homes, while Phase 1b was extended slightly to also cover homes with an EPC D rating. In both phases, funding had to be targeted at homes likely to be in fuel poverty.

The Social Housing Decarbonisation Demonstrator Fund (SHDDF) was awarded to local authorities in England and Scotland to fund projects retrofitting social housing at scale, aiming to bring homes up to EPC C or higher. The SHDDF aimed to demonstrate innovative approaches to retrofitting at scale, using a whole house approach, and to generate lessons that could inform the larger Social Housing Decarbonisation Fund, a £3.8 billion government manifesto commitment, which will launch in October 2021. Seventeen local authorities received funding, 14 of which were in England, with a total of £62 million distributed.⁶

Table 1: Number of grants made under GHG LAD phase 1a and 1b and SHDDF

	Individual grants	Consortium grants	Total
GHG LAD Phase 1a	43	12	55
GHG LAD Phase 1b	60	21	81
SHDDF	14*	-	14
Total	117	33	150

*According to gov.uk, 17 local authorities received funding for 19 projects; we have treated this as 17 grants. Three of those grants went to local authorities in Scotland, which have been excluded from this analysis.⁷

Data and limitations

Data on which local authorities received funding was collected from gov.uk. This showed:

- Which local authorities had successfully bid for funding individually under GHG LAD phases 1a and 1b.
- Which local authorities had successfully bid for funding as consortia under GHG LAD phases 1a and 1b, including consortium leads and members.
- Which local authorities had successfully bid for funding under SHDDF.

This was combined with data on the local authorities' regions, structure and political composition, along with data on their rates of fuel poverty, indices of multiple deprivation (IMD) and domestic energy efficiency.

Some limitations of the data were as follows:

- The sizes of GHG LAD grants were unknown.
- The distribution of funding within a successful consortium was unknown.
- Data about how many and which local authorities applied for funding was not consistently available, although government has stated that there were 108 applications for GHG LAD phase 1b (87 from individual local authorities, which would give a 69 per cent success rate, and 21 from consortia, meaning all such applications were successful).⁸
- It is possible that some upper-tier local authorities may redistribute funds to lower-tier local authorities, so some local authorities may have funding despite not having directly obtained a grant.

2. Characteristics of successful local authorities

Number of local authorities receiving grant funding

In total, 224 principal local authorities in England (that is, unitary authorities, London boroughs, metropolitan boroughs, county councils and district councils) received at least one grant through GHG LAD and/or SHDDF, individually and/or as a consortium member. This represents 66 per cent of the 339 principal local authorities in England.

One hundred and six principal local authorities (31 per cent) received funding individually or as consortium leads (some of these received funding as consortium members too). One hundred and eighteen (35 per cent) received funding as consortium members only.

In addition, some other types of local authority received funding:

- The Greater London Authority received grants as a GHG consortium lead in GHG LAD phases 1a and 1b. Greater Manchester Combined Authority received a grant as an individual authority in GHG LAD phase 1a and as a consortium lead in GHG LAD phase 1b.
- One town council received a grant (Leiston, in Suffolk, as a GHG consortium member led by West Suffolk Council in GHG LAD phase 1a).

GHG LAD consortia

Thirty-three consortia received funding in GHG LAD phases 1a and 1b. They varied widely in size: ten had just two members, while one, led by the Greater London Authority, had 34 including all London boroughs. Four local authorities successfully led consortium bids in both funding rounds (the GLA, Stroud District Council, West Suffolk District Council and Woking Borough Council). In addition, the same four local authorities in Somerset (Sedgemoor, Somerset West and Taunton, Mendip and Somerset South) formed consortia for both rounds but with different leads.

Most consortia covered geographically coterminous areas. The exceptions to this were a bid led by London Borough of Ealing, which included six other London boroughs and Hastings as members, and a bid led by Portsmouth City Council with 15 members, including other district councils in Hampshire and West Sussex as well as Peterborough, Southend and Rutland County Council.

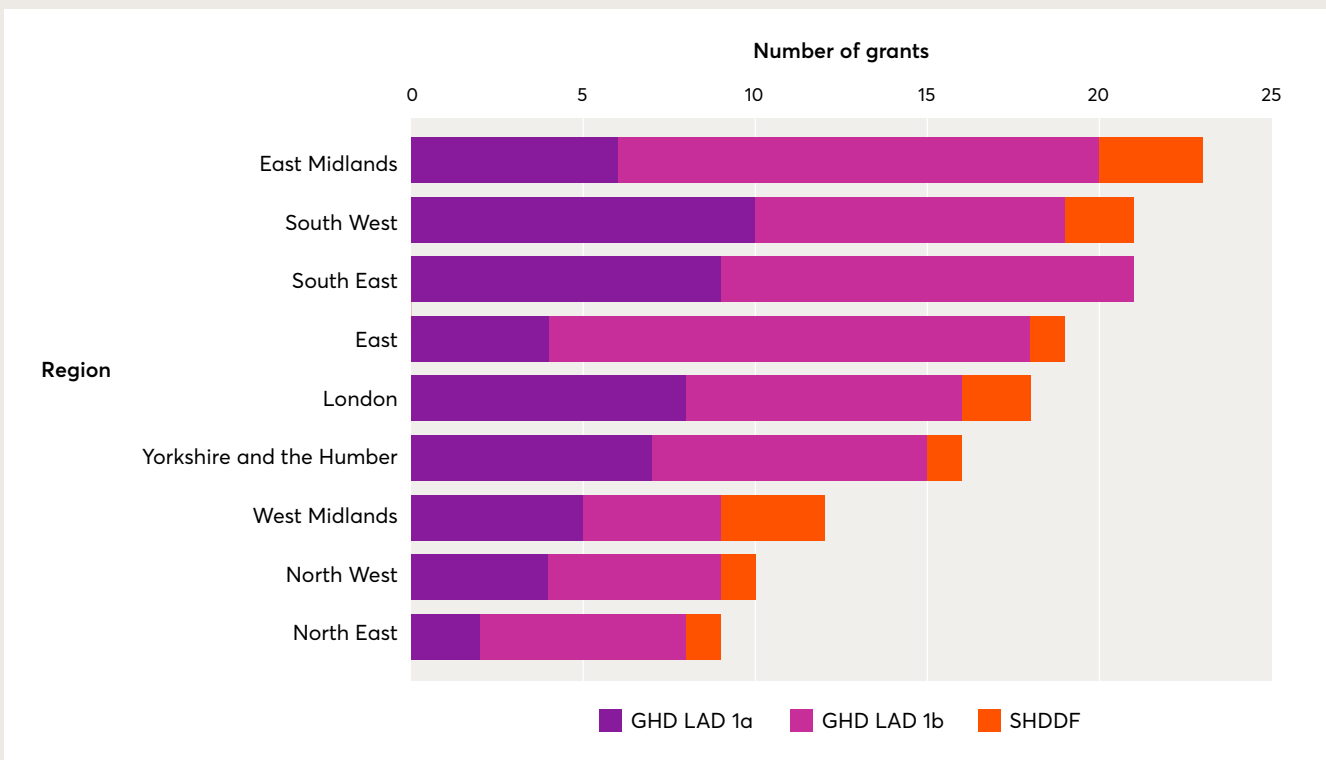
51 per cent of consortium leads, and 57 per cent of consortium members, were district councils.

Seven of the nine English regions had successful consortium bids, with none in the North East or East Midlands.

Regional spread of grants

Across the two funds, the largest number of grants went to the East Midlands, South West and South East, with the North East and North West receiving the smallest number. However, it's important to note that this analysis, like all the analyses in this paper, does not take into account the amount of money flowing to each region (for GHG LAD, this data has not been published).

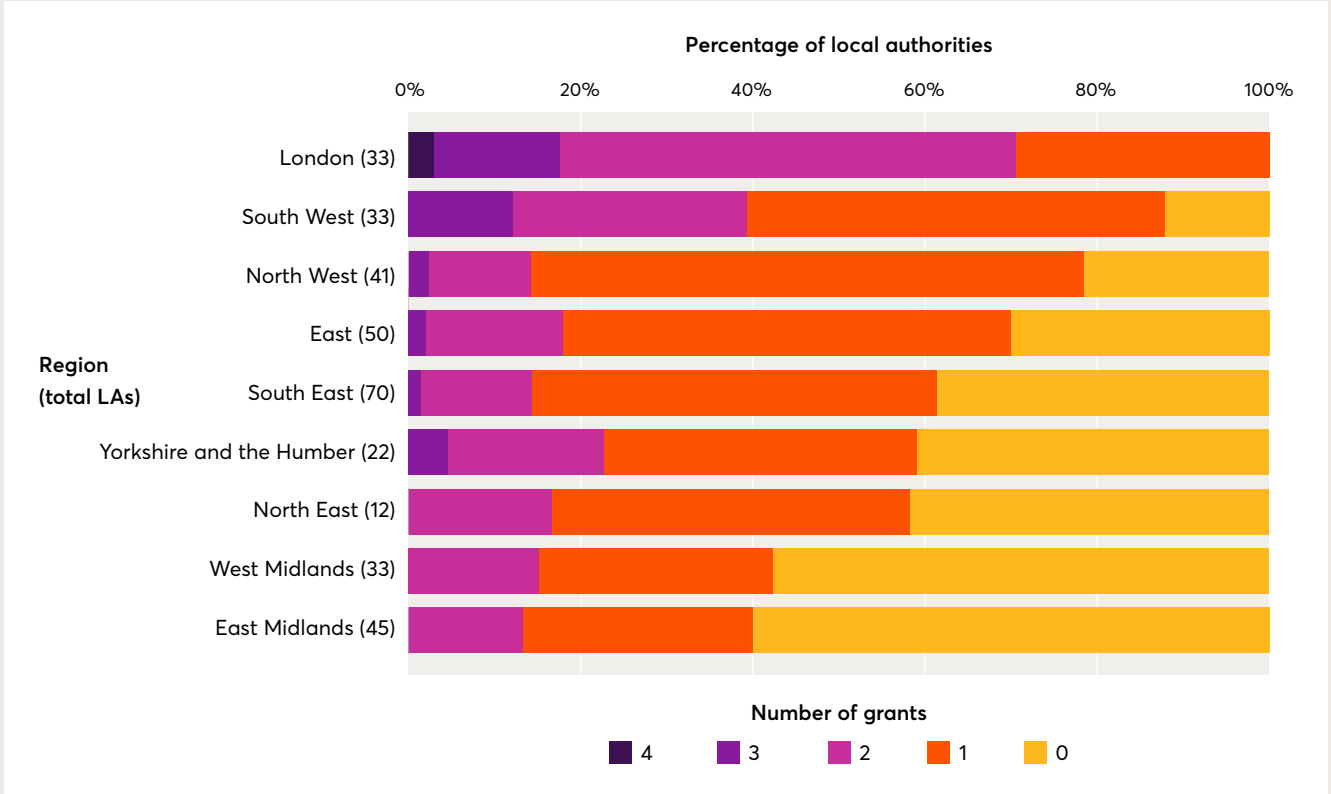
Figure 1: Number of grants by region for each funding scheme (individual authorities and consortium leads only)



Local authorities in the South East did not receive any SHDDF grants. This may be due to lower levels of socially rented housing in this region, but it could simply be because relatively few SHDDF grants were distributed overall.

However, looking at the proportion of local authorities in each region receiving grant funding (including authorities that received funding as members of consortia), the picture changes somewhat. All 33 London boroughs received funding from at least one grant (the majority as members of consortia), as did nearly all of the 33 local authorities in the South West. In contrast, only around 40 per cent of local authorities in the West and East Midlands received any grant funding, even though the East Midlands was the region where local authorities received the largest number of grants overall.

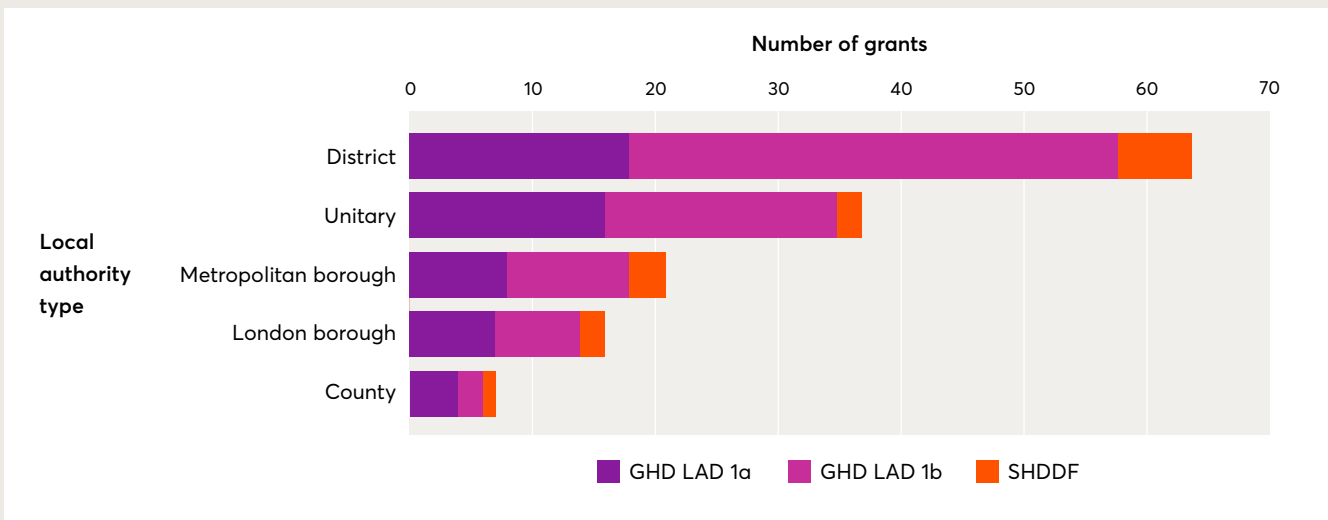
Figure 2: Percentages of local authorities in each region receiving each number of grants (including consortium members)



Spread of funding by types of local authority

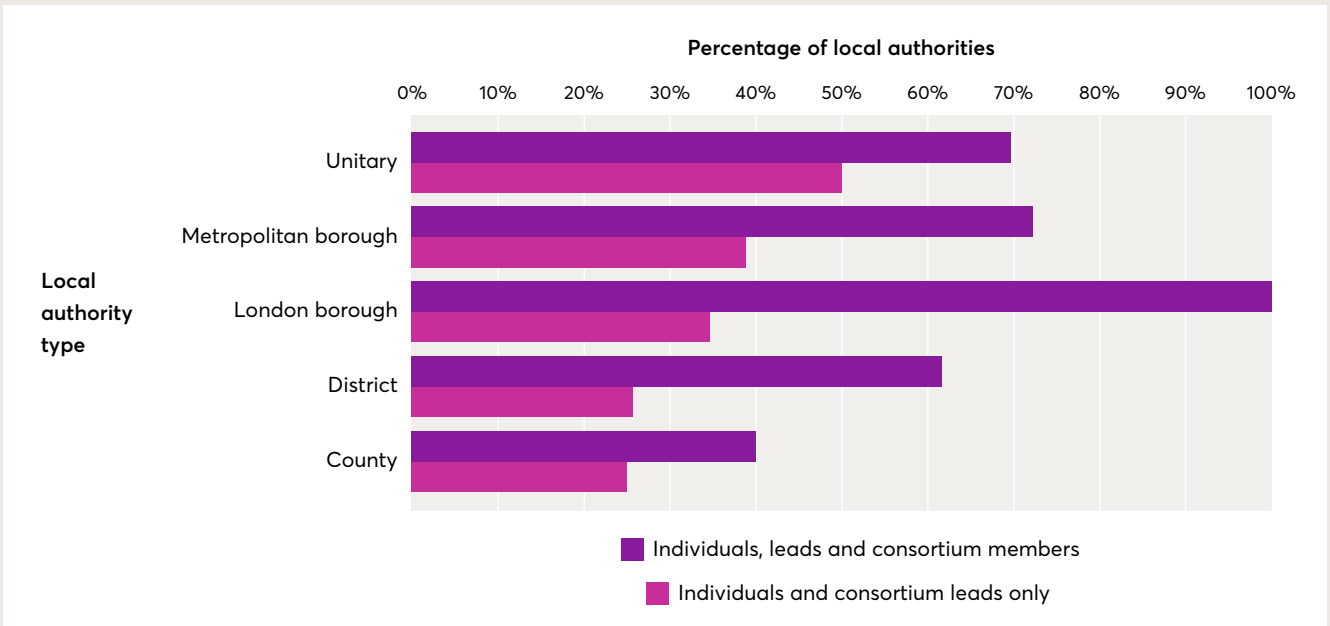
Grants were spread across the five types of principal local authority, with district councils receiving the largest number as individuals or lead bodies in a consortium (64) and county councils the fewest (seven).

Figure 3: Number of grants by local authority type for each funding scheme (individual authorities and consortium leads only)



Proportionally, unitary authorities were the most likely to have an individual grant or to be a consortium lead (50 per cent did so), followed by metropolitan boroughs and London boroughs, suggesting an urban skew. London boroughs were the most likely of all local authority types to receive grant funding in any role (all 33 London boroughs were included in a GHG LAD phase 1b consortium led by the GLA). County councils were the least likely to receive funding, whether as individual local authorities, consortium leads or consortium members. This probably reflects the fact that district councils hold responsibility for housing (although GHG LAD is not specifically targeted at social housing).

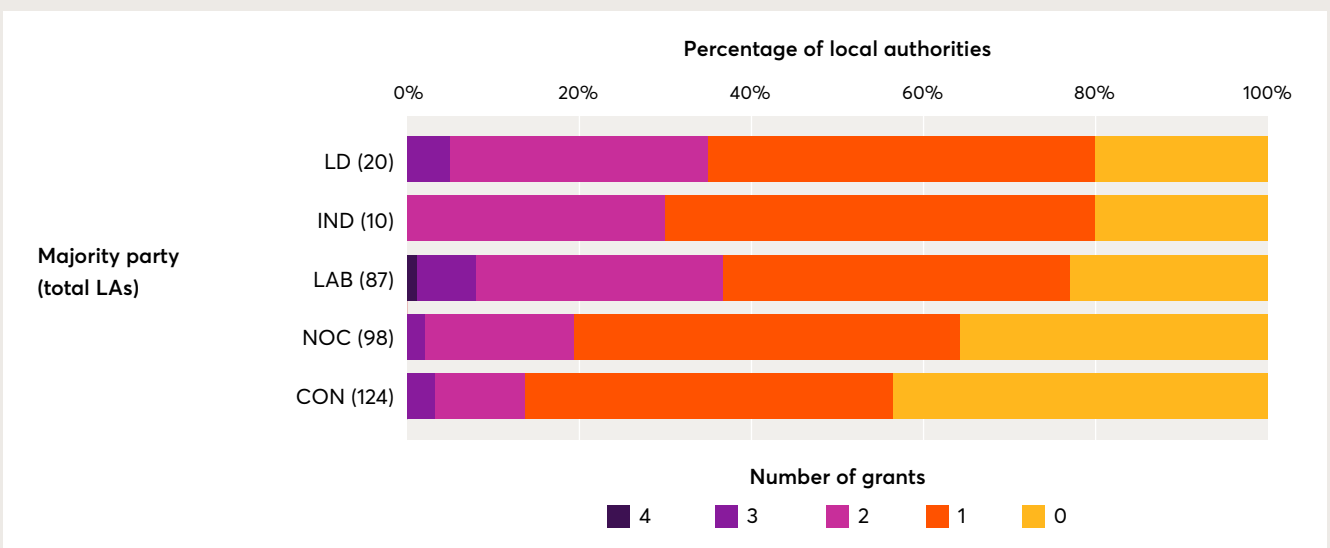
Figure 4: Percentages of local authorities participating in GHG and SHDDF by type



Political composition

Slightly higher proportions of Labour and Liberal Democrat majority areas obtained grants, though this may be due to underlying factors such as high fuel poverty and energy inefficiency associated with these areas. A lower proportion of Conservative majority areas obtained grants.

Figure 5: Percentage of local authorities receiving grants, by political composition in August 2020 and number of grants received⁹

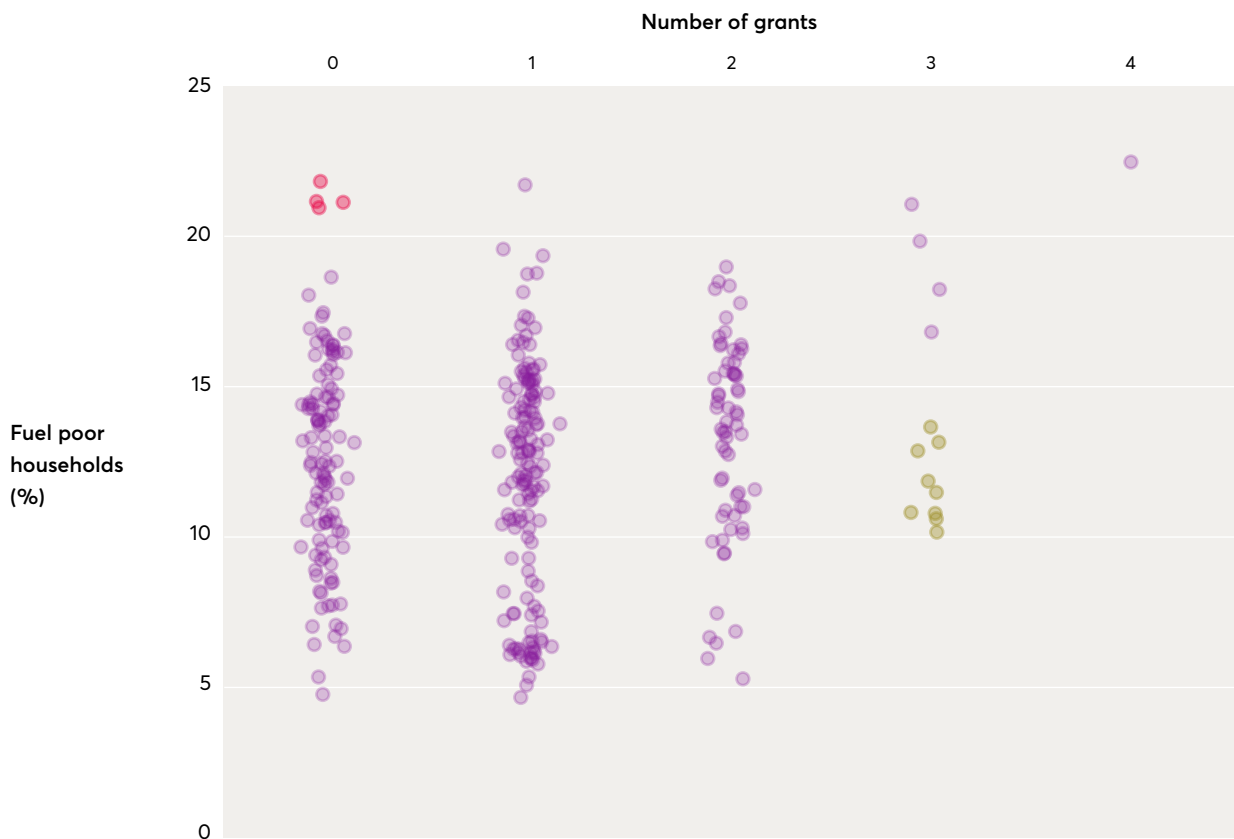


3. Is the money following need?

Fuel poverty

There does not seem to be a strong correlation between the number of grants received by a local authority and its proportion of fuel-poor households. The fuel poverty status of local authorities that received funding appears broadly similar to those that did not, and grants were given to local authorities with rates of fuel poverty ranging from less than 5 per cent to more than 22 per cent. However, all local authorities receiving three grants have fuel poverty rates over 10 per cent and the only local authority to receive funding from four grants (London Borough of Barking and Dagenham) has the highest proportion of fuel-poor households in England.

Figure 6: Fuel poverty rate of local authorities vs number of grants obtained¹⁰



The cluster of red points on the graph consists of local authorities that received no grants but have comparatively high rates of fuel poverty. All of these local authorities are in the West Midlands:

Table 2:

Region	Local authority	LA type	Total households	Fuel poor households (%)	Total grants
West Midlands	Stoke-on-Trent	Unitary	115,172	21.823	0
West Midlands	Birmingham	Metropolitan borough	439,526	21.157	0
West Midlands	Wolverhampton	Metropolitan borough	109,199	21.128	0
West Midlands	Sandwell	Metropolitan borough	129,918	20.949	0

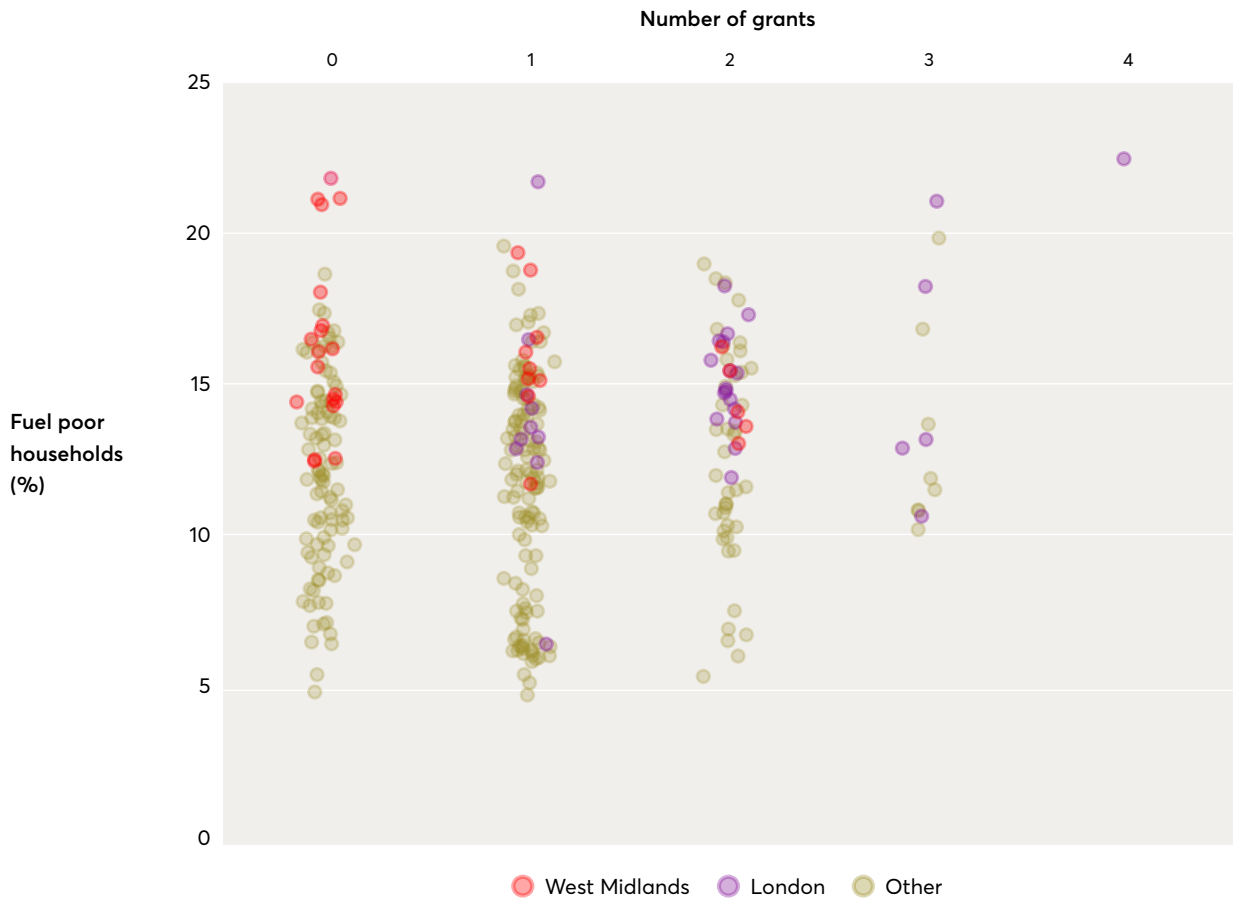
The cluster of green points on the graph consists of local authorities that each received three grants (as individuals, consortium leads and/or consortium members) but have comparatively low rates of fuel poverty. The majority of these local authorities are in the South West or London:

Table 3:

Region	Local authority	LA type	Total households	Fuel poor households (%)	Total grants
South West	Stroud	District council	52,539	10.164	3
London	Richmond upon Thames	London borough	85,182	10.606	3
South East	Hastings	District council	44,311	10.787	3
South West	Sedgemoor	District council	53,755	10.818	3
South West	West Devon	District council	25,010	11.483	3
South West	Exeter	District council	54,298	11.859	3
London	Kensington and Chelsea	London borough	84,022	12.864	3
London	Wandsworth	London borough	139,052	13.152	3
East	West Suffolk	District council	76,831	13.659	3

The plot below highlights grants received by local authorities in London and the West Midlands. There are some signs here that authorities in the West Midlands are missing out – authorities in London have similar rates of fuel poverty but have received more grants.

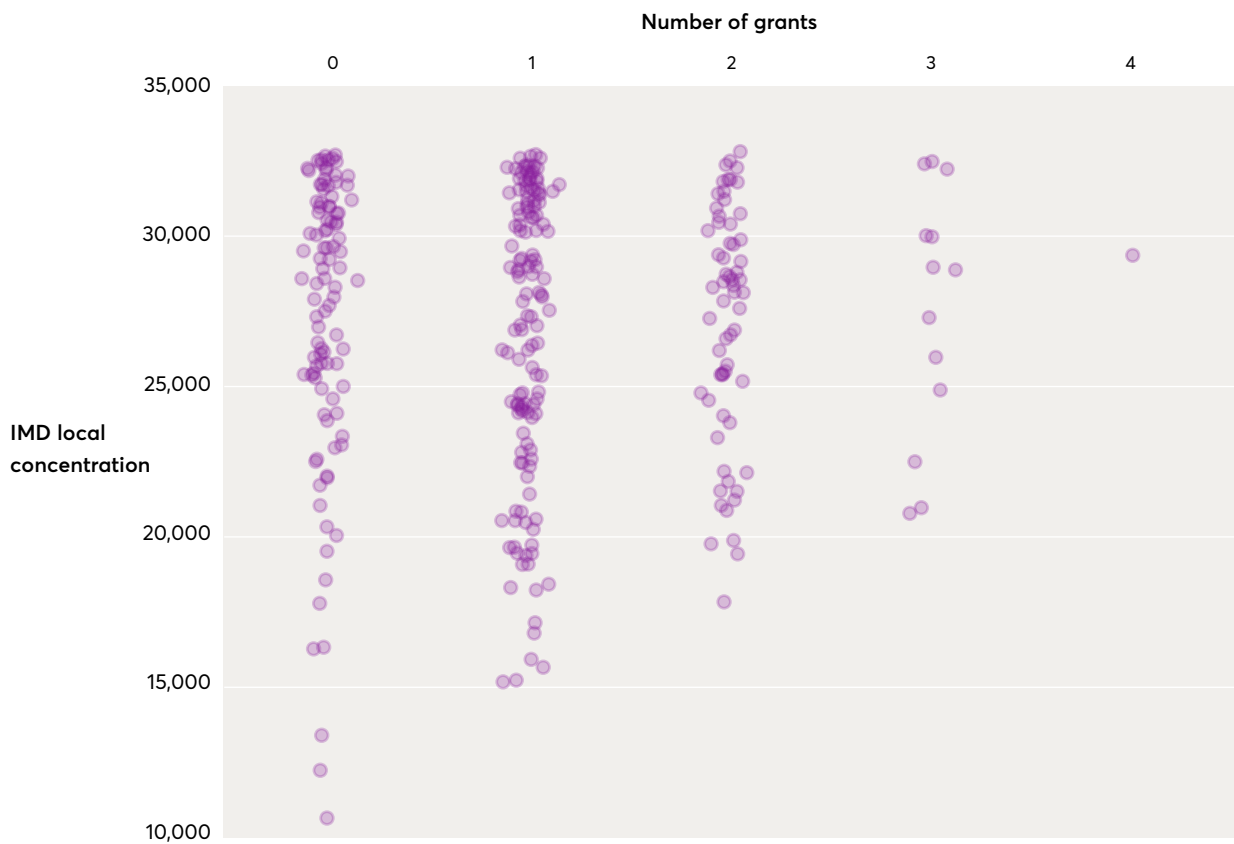
Figure 7: Fuel poverty rate of local authorities vs number of grants obtained



Levels of deprivation

There appears to be some correlation between the number of grants received by a local authority and its deprivation level in terms of the IMD 'local concentration' measure.¹¹ The local authorities receiving the most grants are more deprived, while those with the lowest IMD concentration did not receive any grants. However, there are also several local authorities with high IMD concentration that did not receive grants.

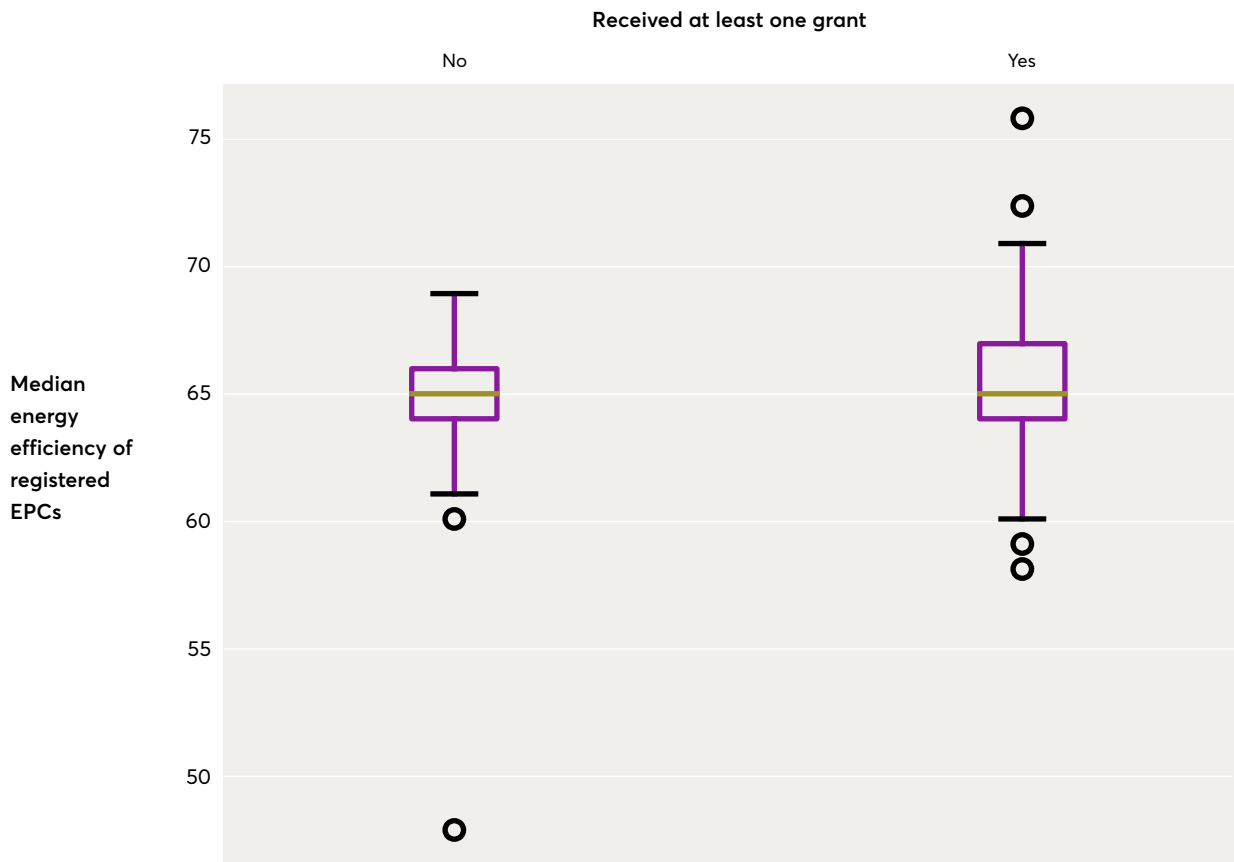
Figure 8: IMD local concentration of local authorities vs number of grants obtained



Energy Performance Certificate ratings

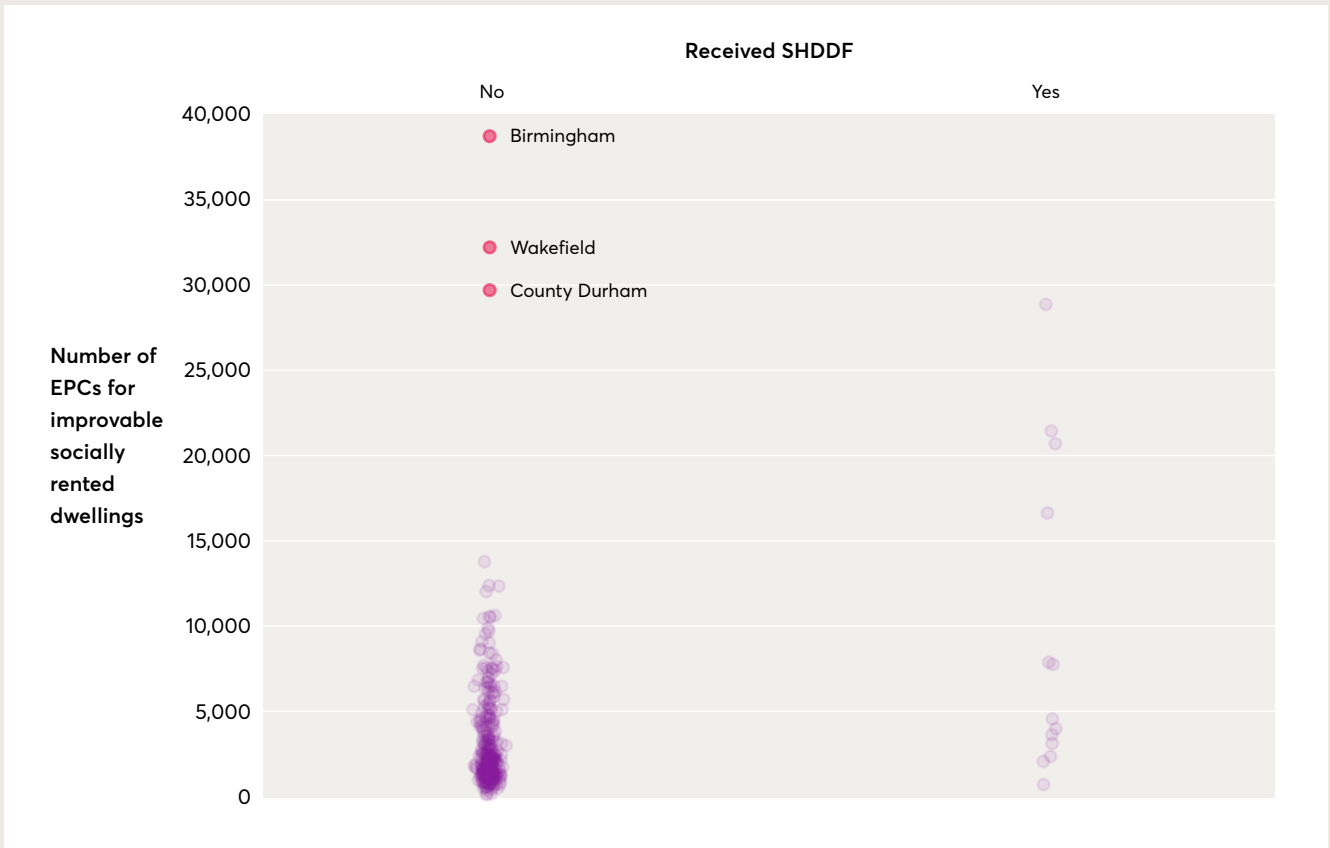
There does not appear to be a significant difference in household energy efficiency between local authorities that received grants and ones that did not. The plot below shows the median energy efficiency of registered EPCs in each local authority against whether or not it received a grant.

Figure 9: Median energy efficiency of registered EPCs in each local authority vs whether or not they received a grant¹²



The stated aim of the SHDDF was to bring energy inefficient social housing up to EPC C or higher. The plot below shows the number of EPCs registered for socially rented dwellings in each local authority which are currently EPC D or below and have the potential to be EPC C or above, against whether or not the local authority received a grant from the SHDDF. Even though a large proportion of dwellings do not have registered EPCs, we can still use the number of registered EPCs to get a sense of the relative numbers of 'potentially improvable' socially rented dwellings in each local authority.

Figure 10: Number of EPCs for improvable socially rented dwellings vs whether or not the local authority received a SHDDF grant

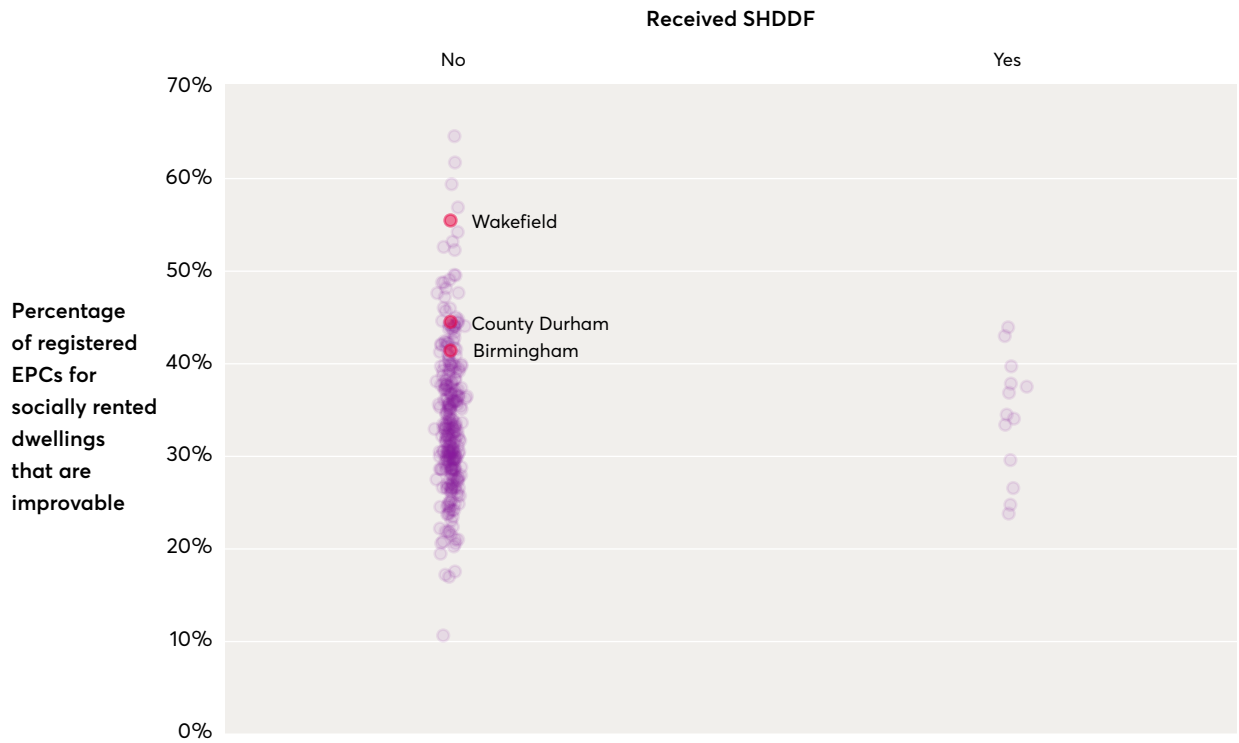


A small cluster of points can be seen in the top left, corresponding to local authorities with many improvable socially rented dwellings that did not receive SHDDF funding. These are all metropolitan areas in the midlands or north of England.

Many of the local authorities receiving SHDDF grants do not appear to be ones with a comparatively high number of improvable socially rented dwellings. This is not completely unexpected – the grants distributed through the SHDDF were generally enough to cover retrofits for several hundred homes in each local authority, so even authorities with relatively few improvable socially rented dwellings had the capacity to make improvements and benefit from the grants.

Plotting against the proportion of EPCs registered for improvable socially rented dwellings instead of the absolute number, we see that the local authorities receiving SHDDF funding are not ones with particularly high proportions. The points in the cluster from the plot above have been highlighted.

Figure 11: Percentage of registered EPCs for socially rented dwellings that are improvable vs whether or not the local authority received a SHDDF grant



4. Are some local authorities pulling away from the rest?

The majority of local authorities received funding from a single grant. Of those who received individual grants or won funding as a consortium lead, 65 per cent (69 local authorities) received one grant. The proportion is the same when those participating in consortia are included.

Which local authorities are the 'leaders' in accessing grant funding for home decarbonisation?

Nevertheless, the data suggests that some local authorities have been particularly successful. Thirty-nine local authorities won two or more grants as individuals or consortium leads (between them, these local authorities won 81 grants, 54 per cent of the total). When consortium members are counted, 79 local authorities had funding from two or more grants.

Table 4:

Number of grants received	Number of LAs receiving individual grants	Number of LAs receiving grants Individually and/or as consortium leads	Total number of LAs receiving grants, including consortium members
1	61	69	148
2	25	36	64
3	2	3	14
4		0	1
Total	88	108	227

Note: Data includes combined authorities and town council.

Twenty-seven local authorities received two or more individual grants. It might be assumed that this group is placing the highest priority on applying for funding and/or has the greatest capacity to bid for (and, potentially, to deliver) home decarbonisation schemes. Barking and Dagenham and Leeds stand out as having each successfully applied for three individual grants. All regions – except the West Midlands – are represented, with the largest numbers in the East Midlands (six), London (five) and Yorkshire (four). Nottinghamshire is the only county council in this group and there are seven district councils.

Table 5:

Local authority	Type	Region	Total individual grants
Leeds City Council	Metropolitan borough	Yorkshire	3
London Borough of Barking and Dagenham	London borough	London	3
Bath and North East Somerset Council	Unitary authority	South West	2
Bradford Metropolitan District Council	Metropolitan borough	Yorkshire	2
Central Bedfordshire Council	Unitary authority	East of England	2
Chesterfield Borough Council	District	East Midlands	2
Cornwall Council	Unitary authority	South West	2
Dartford Borough Council	District	South East	2
Doncaster Council	Metropolitan borough	Yorkshire	2
Durham County Council	Unitary authority	North East	2
Eden District Council	District	North West	2
Exeter City Council	District	South West	2
Kirklees Metropolitan Borough Council	Metropolitan borough	Yorkshire	2
Leicester City Council	Unitary authority	East Midlands	2
London Borough of Richmond upon Thames	London borough	London	2
London Borough of Waltham Forest	London borough	London	2
London Borough of Wandsworth	London borough	London	2
London Borough of Redbridge	London borough	London	2
Manchester City Council	Metropolitan borough	North West	2
Mansfield District Council	District	East Midlands	2
Newcastle City Council	Metropolitan borough	North East	2
North East Derbyshire District Council	District	East Midlands	2
North Lincolnshire Council	Unitary authority	East of England	2
Nottingham City Council	Unitary authority	East Midlands	2
Nottinghamshire County Council	County	East Midlands	2
Reading Borough Council	Unitary authority	South East	2
Sevenoaks District Council	District	South East	2

When participation as consortium leads and members is included, 15 local authorities received three or more grants. There is some overlap with the list above – Barking & Dagenham and Leeds feature, for example – but this list is far more geographically concentrated. Six of the 15 are London boroughs, while four are in the South West.

Table 6:

Local authority	Total grants	Type of local authority	Region
London Borough of Barking and Dagenham	4	London borough	London
Exeter City Council	3	District	South West
Hastings Borough Council	3	District	South East
Leeds City Council	3	Metropolitan Borough	Yorkshire
London Borough of Lewisham	3	London borough	London
London Borough of Richmond upon Thames	3	London borough	London
London Borough of Waltham Forest	3	London borough	London
London Borough of Wandsworth	3	London borough	London
London Borough of Redbridge	3	London borough	London
Manchester City Council	3	Metropolitan Borough	North West
Royal Borough of Kensington & Chelsea	3	London borough	London
Sedgemoor District Council	3	District	South West
Stroud District Council	3	District	South West
West Devon Borough Council	3	District	South West
West Suffolk District Council	3	District	South East

5. Conclusions

The analysis raises questions about the effectiveness of competitive grant funding schemes to fund local authority decarbonisation. Although a large proportion of English local authorities received some funding, it's not clear that funding has followed need. The data suggests that, instead, grants may have flowed to those local authorities that placed the highest priority on decarbonisation and so were willing to allocate time to bid for short-term funding schemes. It may also suggest that local authorities with more capacity were better placed to win funding, although we know anecdotally that some of those that were successful had limited capacity (e.g. just one staff member) working on sustainability and climate.

The ability or appetite of local authorities to form consortia (at short notice) also appeared to make a difference, particularly when looking at the regional spread of funding. Parts of the West and East Midlands seem to have missed out compared to other parts of England, with only around 40 per cent of local authorities in those regions receiving grant funding (compared with 100 per cent in London). The East Midlands had no successful consortia and, while the West Midlands had three, they were relatively small (ten local authorities received funding across the three consortia). The North East, another region with relatively few grants and a relatively small proportion of local authorities receiving grants, also had no consortia. However, it's not possible to tell from this analysis alone how much funding flowed to local authorities through consortium bids.

For future competitive grant funding schemes, the analysis suggests that more emphasis needs to be placed on supporting local authorities to take part (for example, by setting longer timescales for applications and helping those that haven't accessed funding to form consortia). Since some local authorities have been particularly successful so far, this suggests that they might be leading the field, so there's likely to be real value in enabling others to learn from what they are doing. To help local authorities act strategically in decarbonising homes, we suggest that longer-term funding streams need to be introduced, since competitive bidding is always likely to favour those that are already well placed.

Endnotes

1. National Audit Office (NAO), 'Local Government and Net Zero in England.' (London: NAO, 2021). files.localgov.co.uk/netzero.pdf
2. Quantum Strategy and Technology Ltd, 'Power Shift: Research into local authority powers relating to climate action.' (Harlow: UK:100, 2021). uk100.org/publications/power-shift
3. As of August 2021, there are 333 principal local authorities in England as Northamptonshire Council was restructured in April 2021. Throughout this analysis we reference the structure of local authorities between August 2020 and March 2021, when the successful local authorities were announced.
4. Department for Business, Energy and Industrial Strategy (BEIS), 'Green Homes Grant Local Authority Delivery scheme, Phase 1B: entering a bid.' 2020. gov.uk/government/publications/green-homes-grant-local-authority-delivery-scheme-entering-a-bid#history
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