

## **CABINET**

<b>DATE</b>	19/01/2022
<b>REPORT OF</b>	Councillor Callum Procter, Portfolio Holder, Economic Development, Housing and Tourism
<b>RESPONSIBLE OFFICER</b>	Sharon Wroot Executive Director for Environment, Economy and Resources
<b>SUBJECT</b>	Green Homes Grant funding Bid, Local Authority Delivery Scheme Phase 3 and Homes Upgrade Grant 1
<b>STATUS</b>	Open
<b>FORWARD PLAN REF NO.</b>	GENERAL EXCEPTION – Not included on the Forward Plan and will therefore be considered under the General Exception rules of the Constitution.

### **CONTRIBUTION TO OUR AIMS**

The recommendations in this report will contribute towards building both a stronger economy and a stronger community. The report supports the Council's commitment to "Climate Local" by driving down carbon emissions, whilst providing warmer homes, reducing fuel poverty, and enabling residents to enjoy improved health and wellbeing.

The recommendations also contribute to delivering two of the Council's strategic outcomes;

- All people in NEL feel safe and are safe
- All people in NEL enjoy good health and wellbeing

### **EXECUTIVE SUMMARY**

This report seeks Cabinet approval to accept grant funding from Midlands Energy Hub (MEH), through the Local authority Deliver (LAD) 3 scheme. The LAD 3 grant funding of £1,094,500 will be prioritised and used to improve energy efficiency in approximately 75 homes, for those residents, who currently live-in fuel poverty and experience lower household incomes. Improvement works to the properties may be targeted at low carbon and insulation measures. The proposal supports the Council's "Climate Local" ambitions.

### **RECOMMENDATIONS**

It is recommended that Cabinet:

1. Authorises the Executive Director for Environment, Economy and Resources in consultation with The Leader of the Council to accept the grant funding on behalf of the Council.
2. Delegates to the Executive Director for Environment, Economy and Resources in consultation with the Leader of the Council, the authority to deal with all matters

arising from and ancillary to the above including negotiation with the funder, implementation and award of resultant contracts and works.

3. Delegates to the Assistant Director Law, Governance and Assets the responsibility to execute all documentation arising.

## **REASONS FOR DECISION**

Accepting the funding from Midlands Energy Hub (MEH) will help deliver energy efficiency improvements to approximately 75 homes, to households who are currently living in fuel poverty.

### **1.0 BACKGROUND AND ISSUES**

- 1.1 In July 2020, the Chancellor announced £2 billion of support through the Green Homes Grant (GHG). The GHG set aside £500m of support to be allocated to Local Authority (LA) delivery partners, through the Local Authority Delivery (LAD) scheme. The GHG LAD scheme aims to improve the worst-quality homes in England by installing Eligible Measures, to households living in fuel poverty with an Energy Performance Certificate (EPC) of E and below, to eligible households on a low income. The scheme also aims to contribute towards phasing out the installation of high carbon fossil fuel heating, through decarbonisation, supporting the Governments commitment to net zero by 2050.
- 1.2 An initial competition (Phase 1A) was launched in August 2020 whereby Department for Business, Energy, and Industrial Strategy (BEIS) allocated £76m of funding to 57 Council projects. The Midlands Energy Hub (MEH) are already in receipt of £59.95m of LAD funding as part of Phase 2.
- 1.3 North East Lincolnshire Council were successful in receiving £850,000 of funding as part of LAD 2 funding, with MEH confirming LAD 3 grant of £1,094,500 has been allocated. The LAD 3 funding will be eligible to be used from 1<sup>st</sup> April 2022 up to 31<sup>st</sup> March 2023.
- 1.3 Qualifying owner occupiers can receive up to £10,000 in grant funding (those with a combined income of less than £30,000). Eligible owners may be able to access grant or loan funding through the Housing Assistance and Disabled Adaptations Policy (HADAP).
- 1.4 Social and Private Landlords must contribute 1/3 to the cost of upgrades, with the average subsidy cost of £5,000 per property. Eligible Landlords can access energy repayment loans through the Councils HADAP, to help fund any shortfall.
- 1.5 LAD funding can be blended with other grant and loan schemes within the HADAP, for example, grants, energy efficiency or Home Appreciation Loans, detailed in the current NEL's HADAP. This may include the replacement of electric storage heaters, boilers or installing first time Central Heating with renewable energy systems, like Air Source Heat Pump (ASHP).
- 1.6 The proposal will target neighbourhoods with the highest number of properties, with solid wall construction, the highest level of fuel poverty and the lower income households. If insufficient households sign up for the scheme within these designated areas, neighbourhoods with similar fuel poverty and

properties of solid brick construction will then be prioritised.

- 1.7 Eligible households must have an Energy performance Certificate (EPC) Band rating of D, E, F, or G, and have the potential to improve towards an EPC rating of Band C or above.
- 1.8 Procurement – It is intended that LAD 3 will be procured using the MEH Dynamic Purchasing System (DPS), which is the same model which was used to procure and deliver the LAD 2 scheme.

## **2.0 RISKS AND OPPORTUNITIES**

- 2.1 Accepting the funding will provide the Council with a wider range of options to tackle poorly insulated properties and reduce CO2 emissions within the Borough.
- 2.2 Residents will be supported to ensure a ‘whole house’ approach is taken, reviewing all energy efficient improvements, ensuring residents maximise their income and address any fuel debt.
- 2.3 If insufficient residents/landlords sign up for the scheme there is the opportunity to work with the funders to agree how the Authority will spend any unspent Grant funding in line with the expected outcomes. If this cannot be achieved the Authority will repay any unspent Grant funding.
- 2.4 There is a risk that the project may not meet timelines set by the funders, due to lack of materials through Brexit and COVID-19. This risk has been identified during the project development and plans are in place to mitigate this, through the funder direct.

## **3.0 OTHER OPTIONS CONSIDERED**

- 3.1 **Do Nothing** – To do nothing would mean that the Council will depend on existing funded schemes, which do not include external wall insulation.
- 3.2 **Use North East Lincolnshire Council Funding** - NELC could use capital funding to external insulation, to support regeneration and provide a ‘whole house’ approach to delivering energy efficiency. Due to limited funding available and this schemes criteria would not qualify under the existing housing assistance policy.
- 3.3 **Accept the Funding** This is the preferred option, delivering the scheme outlined in the report. This is the preferred option as other funded schemes, do not provide the same level of support for low-income families and external wall insulation.

## **4.0 REPUTATION AND COMMUNICATIONS CONSIDERATIONS**

- 4.1 Accepting the grant funding will generate positive reputational and communications benefits for the Council, as it will support 75 households in fuel poverty and reduce CO2 emissions.

- 4.2 A communication plan will be in place to ensure residents and landlords are aware of the scheme and furthermore will be supported throughout the project. The scheme provides a positive message to support improving the external appearance of properties in some of our most deprived streets.

## **5.0 FINANCIAL CONSIDERATIONS**

- 5.1 To achieve the proposed energy efficiency improvements within the Borough, by securing £1,094,500 grant funding. No match funding is required by the Council.

## **6.0 CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS**

- 6.1 This proposal will make an overall positive contribution to the Council's published commitments on climate change and the environment by reducing CO2 in the Borough and supporting the delivery of a low carbon future for North East Lincolnshire. The improvement of the energy efficiency of residential properties aligns to the council's zero carbon roadmap and the reduction of emissions and will contribute to reducing fuel poverty for some of the most vulnerable members of our community.

- 6.2 The introduction of external cladding to reduce heat loss means the cost to heat those homes which are rated H, G & F, will improve the energy efficiency of the property. Once a property is sufficiently insulated, this unlocks the opportunity to decarbonise and introduce more efficient technologies, examples are, Solar PV and Air Source Heat Pumps (ASHP).

## **7.0 CONSULTATION WITH SCRUTINY**

- 7.1 There has been no consultation with Scrutiny.

## **8.0 FINANCIAL IMPLICATIONS**

- 8.1 The recommendation to accept the grant funding will generate additional funding for the Council to deliver its objectives without the need for match funding. Whilst the Council is the accountable body, the receipt of the funding does not bring any significant financial risk.

## **9.0 LEGAL IMPLICATIONS**

- 9.1 Colleagues in Legal Services are available to advise on and support the completion and signature of any funding contract and ensure that risk to the Council is fully understood and mitigated through appropriate governance. Further, they will offer support in the delivery of the project as and when required by the anticipated project team.
- 9.2 A Dynamic Purchasing System (DPS) is a common mechanism and procurement tool similar to a framework but where new suppliers can join at any time. However, it has its own specific set of requirements and these are set

out at regulation 34 Public Contracts Regulations 2015.

9.3 The DPS is a two-stage process. Initially all suppliers who meet the selection criteria will be admitted to the DPS. Secondly individual contracts will be awarded with the Council inviting suppliers on the DPS (for the relevant category within the DPS) to bid for a specific contract.

9.4 The exercise will be conducted so as to comply with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 and be supported by relevant officers.

9.5 The delegations sought are consistent with an exercise of this nature.

## **10.0 HUMAN RESOURCES IMPLICATIONS**

10.1 There are no direct HR implications arising from the contents of this report.

## **11. WARD IMPLICATIONS**

11.1 The policy will affect all wards in North East Lincolnshire.

## **12.0 BACKGROUND PAPERS**

Cabinet Report 7/4/21 – Green Homes Grant Funding Bid, Local Authority Delivery Scheme Phase 2

<https://democracy.nelincs.gov.uk/wp-content/uploads/2020/06/5.-Green-Homes-Grant-Funding-Bid-Phase-2-1.pdf>

## **13. CONTACT OFFICER(S)**

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