
REPORT TO:	HOUSING AND COMMUNITY SERVICES COMMITTEE	AGENDA ITEM:8
DATE OF MEETING:	19 APRIL 2022	CATEGORY: RECOMMENDED
REPORT FROM:	STRATEGIC DIRECTOR - SERVICE DELIVERY	OPEN
MEMBERS' CONTACT POINT:	ALLISON THOMAS, STRATEGIC DIRECTOR – SERVICE DELIVERY, MATT HOLFORD – HEAD OF ENVIRONMENTAL SERVICES,	DOC:
SUBJECT:	SUSTAINABLE WARMTH FUNDING AND LOW CARBON HOMES	REF:
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: HCS02

1. Recommendations

- 1.1 That the Committee accepts the Sustainable Warmth Fund grant allocations totalling £1,214,800.
- 1.2 That the Committee authorises the Chief Executive to sign the relevant agreements and declarations necessary to accept the Sustainable Warmth Fund allocations.
- 1.3 That details of all further carbon reduction bid opportunities submitted under the Constitution delegated powers be reported to Environment and Development Services Committee through the annual report of the work of the Corporate Environmental Sustainability Group.
- 1.4 That Committee approves the establishment of a Low Carbon Homes Team consisting of two new temporary additions to the establishment;
 - Low Carbon Homes Team Manager
 - Low Carbon Homes Delivery Officer
- 1.5 That the financial, contractual and human resource aspects of the report are referred to Finance and Management Committee for approval.

2. Purpose of Report

- 2.1 To advise the Committee of the outcomes of bids made to the Department for Business, Energy, and Industrial Strategy (BEIS) and to the Midlands Energy Hub (MEH) to invest in the private sector housing stock in South Derbyshire under the Sustainable Warmth Competition and the proposed next steps.

- 2.2 To accept the grant funding subject to consideration of amounts and conditions attached to the grants and sign relevant agreements and authorisations in relation to low carbon homes improvements.
- 2.3 To create the short-term capacity to deliver the low carbon homes improvements and to enable the Council to develop the capacity and competence to submit competitive bids for future low carbon homes funding opportunities.

3. Background

- 3.1 The Green Homes Grant – Local Authority Delivery (GHG – LAD) Scheme was launched in September 2020 by BEIS to save households money, cut carbon emissions and create green jobs. GHG – LAD Phase 1 allocated £200million to local authorities to co-ordinate improvements to both privately owned and local authority owned housing.
- 3.2 In December 2020, with the approval of this Committee, South Derbyshire District Council submitted a successful bid for £586,000 under **Green Homes Grant – Local Authority Delivery Phase 1b (LAD1b)**. The LAD1b project closed on 31 March 2022.
- 3.3 A further £300million was made available in 2021 to local authorities, administered through the eight regional energy hubs through a scheme called **Green Homes Grant – Local Authority Delivery Phase 2 (LAD2)**.
- 3.4 In June 2021, with the approval of this Committee, South Derbyshire District Council submitted a bid for an allocation of £425,000 under LAD2. Within the same bid this Council also applied for an additional £888,350 over and above the specific allocation made to the Council.
- 3.5 In July 2021 the Council was informed that the bid for £425,000 had been successful. In August 2021, the Council was informed that it would also receive a further £767,360 of additional LAD2 funding, bringing the overall LAD2 funding allocation to £1,192,360.
- 3.6 The LAD2 project is currently in delivery phase and closes on 30 June 2022.
- 3.7 In July 2021, BEIS announced the launch of the Sustainable Warmth Competition.
- 3.8 This is a competition to bring together two fuel poverty schemes – **Local Authority Delivery Phase 3 (LAD3)** and **Home Upgrade Grant Phase 1 (HUG1)**, which both have a shared goal to contribute to the aims set out in the ‘Sustainable Warmth: protecting vulnerable households in England’ strategy.
- 3.9 With the approval of this Committee, South Derbyshire District Council submitted a bid for £1,513,000 in July 2021. The Council also agreed to be a named partner in a Midlands consortium bid submitted by MEH.
- 3.10 The initial bid to BEIS was unsuccessful. However, BEIS subsequently invited the Council to resubmit a bid for improvement to ‘off-gas’ properties only (i.e., properties for which mains gas is not the primary source of heating).
- 3.11 The Council resubmitted a bid for £840,800 for HUG1 funding and has recently been informed that this bid was successful.
- 3.12 The consortium bid through MEH was also successful. MEH has subsequently offered an allocation of this funding to the Council and has invited the Council to submit a Delivery Plan to support the receipt of this allocation.

- 3.13 The Council has submitted a Delivery Plan proposal totalling £374,000 specifically targeted at 'on-gas' properties.
- 3.14 This Committee will also be aware of an additional successful bid by this Council for funding to improve the thermal efficiency of South Derbyshire's own housing stock under the Social Housing Decarbonisation Fund (SHDF). This has brought in external funding of £1,099,835. The HRA will contribute £529,422, resulting in a low carbon home investment of £1,557,123 in SDDC housing stock.
- 3.15 Appendix 1 provides a summary of the successful bid submissions to date.
- 3.16 Appendix 3 contains a copy of the relevant sections of the Memorandum of Understanding with BEIS which sets out the terms of the funding. The most significant condition of relevance is that any unspent funding at the closure date of the scheme of 31 March 2023 must be returned to BEIS.

4. Proposed Low Carbon Homes Team

- 4.1 Appendix 1 illustrates the magnitude of funding which the Council has recently secured to deliver low carbon housing and which now totals approximately £4,100,000.
- 4.2 Each of the bid submissions has a percentage allocation which the Council can allocate to 'administrative and auxiliary' activities. This includes recruiting staff to support the delivery of the project.
- 4.3 The total available funding for administrative and auxiliary' activities is approximately £300,000.
- 4.4 To date, the staffing resource allocated to the LAD1b and LAD2 projects has been met through the good will of existing staff and by recruiting a Green Homes Grant Project Co-ordinator from a recruitment agency.
- 4.5 One temporary agency member of staff above the existing headcount is significantly below the capacity necessary to deliver a £4million project. It is, therefore, proposed to create a small, dedicated Low Carbon Homes Team within the Council and to utilise third party providers to add extra support for marketing, lead development and conversion and customer support. Full details and costs of the proposed Team are contained in Appendix 2. The rationale for the creation of the Team is as follows:
- 4.5.1 The Low Carbon Homes Team and associated support would have the staffing levels necessary to deliver the various projects for which the Council has received funding until the end of March 2023.
- 4.5.2 The Team would be created on a task / finish basis, and it would therefore consist of temporary staff only and would come to an end at the end of March 2023.
- 4.5.3 The Low Carbon Homes Team would be entirely funded by finances from the external bids.
- 4.5.4 One of the functions of the Team will be to develop future low carbon homes bids. Given that Team will exist for as long as it continues to acquire external funding, this creates clear incentives to deliver bid submissions of the highest quality.
- 4.5.5 The proposed Team will provide the increased expertise needed to develop programme monitoring and tracking. Data analysis and data reporting is becoming an increasing part of these projects. Providing sufficient resources for this and aligning this data with the Councils own IT systems is critical to project success and will significantly help with future bids.

- 4.5.6 The Team will enable increased monitoring and reporting of data post installation to ensure that energy and carbon reductions are achieved, and fuel poverty reduction goals are achieved.
- 4.5.7 Officers are acutely conscious of the potentially significant future funding opportunities in this area of work. The creation of the Low Carbon Homes Team would create both the capacity and the technical expertise to significantly increase the Councils likelihood of continuing to successfully bid for future funding streams.
- 4.5.8 The Low Carbon Homes Team will be given a broader brief than to just deliver the low carbon home projects which have been funded. Most households in South Derbyshire fall outside the qualifying criteria to receive support from these bids. Therefore, if the Council wants to proactively pursue the stated aspiration in the Climate and Environment Action Plan to decarbonise the entire housing stock, we need to be engaging with a much wider cohort of property owners than those who fall under the existing low carbon homes projects. The proposed Team will provide some capacity to do this.
- 4.5.9 One of the most significant barriers to the delivery of the LAD1b and LAD2 projects has been finding property owners who may qualify for the grant support and then making a sufficiently persuasive case to get adequate numbers to apply. It is proposed to engage a third-party provider to help develop a pipeline of homeowners interested in potential future grant support.
- 4.6 The proposed Low Carbon Homes Team will consist of a Low Carbon Homes Manager, supported by a Low Carbon Homes Delivery Officer.
- 4.7 The Low Carbon Homes Manager will be tasked with overall project management, stakeholder relationships, project governance and future bid production. The Council also intend to develop a medium to long term Low Carbon Homes Strategy which will offer strategic direction on how to decarbonise the South Derbyshire housing stock through to 2050.
- 4.8 The Low Carbon Homes Delivery Officer will be focused on guiding property owners through the application process and ensuring that the quality and quantity of completed grants meet the project targets and are to the satisfaction of the property owners and the project sponsors.
- 4.9 Both of the proposed new temporary posts will be filled by agency staff. Indicative grades for the two posts are as follows:
- Low Carbon Homes Team Manager PO3
 - Low carbon Homes Project Officer Grade 6
- 4.10 The Council will engage a third-party provider (Marches Energy Agency) to focus on finding candidates for grant support and getting them to a point of submitting their application. As well as this they will take a broader role of promoting low carbon home improvement to all property owners in South Derbyshire and developing a pipeline of potential future applicants for grant support.
- 4.11 Marches Energy Agency has already been procured and funded by the regional energy hub for the LAD3 project. It is proposed that the Council will directly appoint Marches Energy Agency (subject to it meeting provisions in the Contract Procedural Rules) to provide the same service for the HUG1 project as well as support for the SHDF project.

5. Financial Implications

- 5.1 The financial implications of the proposals are summarised in Appendix 2. All of the costs of the proposals will be met by external funding.
- 5.2 Major beneficial. The various low carbon homes projects have attracted £4.1 million funding for investment in South Derbyshire until March 2023.
- 5.3 The creation of the Low Carbon Homes Team creates a significantly higher chance of attracting further funding.
- 5.4 The low carbon homes funding has also attracted private landlords to consider investing in their portfolio. Officers estimate that the funding obtained to date may also directly result in between £50,000 to £250,000 of privately funded improvements to private rented properties.
- 5.5 The low carbon homes project provides medium-term investment in the local energy retrofit market, thus boosting the green economy.

6. Corporate Implications

- 6.1 **Employment.** The proposals would directly lead to the employment of two temporary members of staff within the Low Carbon Homes Team as well as employment of additional staff in Marches Energy Agency. The proposals will also create local opportunities for employment with the contractors who are delivering the low carbon home improvements.
- 6.2 **Legal.** The Sustainable Warmth bids are the subject of a Memorandum of Understanding between BEIS, MEH and the Council. The MoU sets out a reporting framework which will need to be completed by the Low Carbon Homes team in order to satisfy BEIS that the project aims are being met.
- 6.3 The contracts for the low carbon homes work are of a considerable size. The work can only be delivered by existing contractors who have met the Council's procurement requirements. This creates a constraint on the volume of work which can be delivered given that the number of contractors available to undertake the work is very limited and the Council cannot move work to a different contractor if the approved contractor cannot deliver the volumes required.
- 6.4 Marches Energy Agency has already been appointed by the regional energy hub to deliver a Customer Access Journey for the LAD3 project at no cost to the Council. Marches has been appointed to provide the same service for the HUG1 and SHDF projects.
- 6.5 Officers are looking at the viability of accessing additional contractors from the MEH's Dynamic Purchasing System subject to relevant internal approvals.
- 6.6 **Corporate Plan implications** – The proposals align with the key Corporate Plan theme of 'Our Environment' as well as the two key aims of "Strive to make South Derbyshire District Council carbon neutral by 2030" and "Work with residents, businesses and partners to reduce their carbon footprint".
- 6.7 **Risk impact** – Corporate Risk CR22 'Climate Emergency' currently has a red RAG rating. One of the two further actions required to minimise this risk is for the Council to actively seek external funding.

6.8 The proposals in this report all contribute to this action and therefore to reducing this corporate risk.

7. Community Implications

7.1 **Consultation.** None

7.2 **Equality and Diversity.** Beneficial. The proposals will predominantly benefit those on low incomes and in fuel poverty.

7.3 **Social Value Impact.** Beneficial

7.4 **Environmental Sustainability.** Beneficial.

8. Conclusion

8.1 The report seeks Committee approval to accept £1,214,800 of Sustainable Warmth Fund allocation from a bid originally approved by Committee on 30 September 2021 and to delegate the Chief Executive and Strategic Director (Corporate Resources) to sign the relevant agreements.

8.2 The report seeks approval to establish a temporary Low Carbon Homes Team in order to create the staffing capacity to deliver the Sustainable Warmth funded housing improvements and to better position the Council to deliver low carbon home improvements for the medium and long term.

9. References

9.1 Housing and Community Services (HCS) Committee Item 28 January 2021.

9.2 GHG – LAD Phase 1b Allocation Policy December 2020.

9.3 Environment and Development Services Committee item, 27 May 2021, 'Climate and Environment Emergency'

9.4 Finance and Management Committee item, 10 June 2021, 'Climate and Environment Emergency'

9.5 HCS Committee item, 3 June 2021, 'Green Homes Grant – Local Authority Delivery Phase 2'.

9.6 HCS Committee item, 30 September 2021, Green Homes Grant – Local Authority Delivery Phase 3 / Homes Upgrade Grant'.

Appendix 1 – Summary of all Approved Successful Low Carbon Homes Bids to date

Scheme	Funding Secured	Project End Date	Project Summary
GHG – LAD Phase 1b	£586,000	31 March 2022	Thermal insulation for up to 220 private sector properties occupied by low-income families
GHG – LAD Phase 2 Main bid	£425,000	30 June 2022	Thermal insulation for up to 60 private sector properties occupied by low-income families
GHG – LAD Phase 2 Supplementary bid	£767,360	30 June 2022	Thermal insulation for up to 100 private sector properties occupied by low-income families
SHDF Wave 1	£1,099,835	31 March 2023	Thermal insulation and low carbon heating for up to 111 Council owned properties.
HUG1	£840,800	31 March 2023	Thermal insulation for up to 115 private sector properties occupied by low-income families
LAD3	£374,000	31 March 2023	Thermal insulation for up to 69 private sector properties occupied by low-income families
Total Funding	£4,092,995		

Appendix 2 – Proposed Low Carbon Home Team

Low Carbon Homes Team – Estimated Costs			
Post	Estimated JEQ evaluation	£	Estimated Cost
Project Supervisor	PO3	£41,000.00	£57,400.00
Delivery Officer	Grade 6	£27,500.00	£38,500.00
Marches Energy Customer Access Journey			£42,000.00
Set aside for bid production			£50,000.00
Total Estimated Cost			£187,900.00

