



REPORT TO:	CABINET
DATE:	29 MARCH 2023
SUBJECT:	SUSTAINABLE WARMTH DELIVERY – NEXT PHASE
PURPOSE:	TO GAIN MEMBER APPROVAL FOR THE OPERATIONAL ARRANGEMENTS FOR THE S&ELCP DELIVERY OF THE GREEN HOMES GRANTS FOR THE SUB-REGION
KEY DECISION:	YES
PORTFOLIO HOLDER:	COUNCILLOR PAUL SKINNER, LEADER
REPORT OF:	CLIMATE CHANGE AND ENVIRONMENT MANAGER
REPORT AUTHOR:	SARAH BAKER
WARD(S) AFFECTED:	ALL
EXEMPT REPORT?	<i>No- the embargo surrounding the report has now been lifted</i>

SUMMARY

Funding of **£15.4 million** (subject to formal confirmation) has been secured from the Department for Energy Security and Net Zero (ESNZ) across the South and East Lincolnshire Councils Partnership (S&ELCP) for the next phase of Sustainable Warmth (previously called Green Homes Grants) delivery. This paper sets out the proposed operational arrangements and eligibility criteria for the next round of grants which launches in April 2023. The funding will be managed within the Climate Change and Environment Team on behalf of the S&ELCP.

RECOMMENDATIONS

That Cabinet approves the operational arrangements as set out in this report and the following specific recommendations:

1. That East Lindsey District Council acts as the lead authority and accountable body delivering the Sustainable Warmth programme on behalf of Boston Borough Council.
2. That Cabinet notes the resourcing arrangements being put into place to facilitate the delivery of this programme of activity.
3. Approve the entering into of an appropriate written agreement between East Lindsey District Council and Boston Borough Council for delivery of the programme, subject to

legal advice, with delegated authority given to the Assistant Director Regulatory in consultation with the Portfolio Holder to agree the terms of the agreement.

4. Approve the continuation of a Programme Board for Sustainable Warmth with appropriate Portfolio Holder representation from each of the three Partnership Councils and Assistant Director Regulatory to monitor quarterly progress as outlined in paragraph 2.14.
5. Cabinet authorises the Executive Board of ELDC to administer delivery of Green Homes Grants to Boston Borough residents.

REASONS FOR RECOMMENDATIONS

To enable officers to effectively manage the new programme, with effect from 1 April 2023.

OTHER OPTIONS CONSIDERED

Not to approve the operational arrangements.

To implement alternative arrangements, such as implementing the scheme internally rather than with East Lindsey District Council as Lead Authority and Accountable Body.

1. BACKGROUND

- 1.1. A provisional funding announcement by the Department for Business, Energy and Industrial Strategy has confirmed that funding of **£15.4 million** has been secured for the next phase of Green Homes Grants delivery – known as **Sustainable Warmth** – across the three Partnership Councils of Boston, South Holland and East Lindsey.
- 1.2. ELDC's Executive Board considered the operational arrangements and resourcing requirements at a meeting on 15 February and approved the approach.
- 1.3. This paper sets out, in more detail, the arrangements that will enable Council officers to lead on the delivery of Sustainable Warmth.

2. REPORT

- 2.1. Sustainable Warmth grants are administered by the Department for Energy Security and Net Zero (ESNZ). East Lindsey District Council's dedicated team has delivered three phases of funding under this programme, supporting in the region of 450 homes across East Lindsey and circa 650 across the sub-region.
- 2.2. In August 2021, ESNZ launched the Sustainable Warmth competition and, thanks to the newly formed South and East Lincolnshire Councils Partnership, it was possible to make consortium bids for the sub-region totalling £7,254,966 for works to be delivered between 1 April 2022 and 31 March 2023. These works were across two funding streams, the Local Authority Delivery (LAD3) grants for properties on the gas grid and the Home Upgrade Grant (HUG1) for properties with no mains gas grid connection.

- 2.3.** The HUG2 funding award is once again an opportunity for the Partnership to demonstrate how it can deliver at scale to provide energy efficiency improvements and low carbon heating measures to properties across the sub-region. Due to a change in policy direction by ESNZ this funding will only be available to properties with no mains gas connection available as they have ceased grant support for on-gas grid homes. Separately, a letter signed by all three S&ELCP Leaders has been sent to the Minister to raise concerns about this policy move.
- 2.4.** Crucially, the HUG2 award is for funding across a two-year programme which will run through until 31 March 2025. The funding will be released in batches with an anticipated 40% delivery in Year One and 60% delivery in Year Two.
- 2.5.** ELDC made a bid as part of a consortium of Councils across the East Midlands which was led by MNZH. Across the three Councils, we have successfully negotiated funding of £15.4 million. Table 1 below outlines the breakdown of the funding and an approximate number of properties to be delivered:

Table 1 – S&ELCP Funding for the Sub-Region

	ELDC	BBC	SHDC	TOTAL
HUG 2				
Admin/ancillary costs	£800,000	£200,000	£400,000	£1,400,000
Capital	£8,000,000	£2,000,000	£4,000,000	£14,000,000
Number of properties	450	120	220	

OVERALL TOTAL

£15,400,000

- 2.6.** It should be noted that ESNZ ringfenced 60% of available funding for HUG2 allocations on Defra’s Rural Urban Local Authority Classification and the weightings of funding awarded relate to the proportion of properties believed to be eligible in each District.

RESOURCING AND OPERATIONAL ARRANGEMENTS

- 2.7.** To build on the experience gained by the existing team and to streamline financial and administrative processes, ELDC acted as the lead accountable body for all of the previous Sustainable Warmth funding across the three Partnership Councils. This model is proposed to continue for the HUG2 funding award for the next two years.
- 2.8.** Updated legal agreements will be established between East Lindsey District Council and Boston Borough Council and between East Lindsey District Council and South Holland District Council to clearly set out the relationship and responsibilities of each party in delivering the HUG2 scheme across the sub-region.
- 2.9.** The delivery team for Sustainable Warmth is proposed to remain in place through to the end of March 2025. The external funding provides to cover the admin costs associated with running the programme.

- 2.10.** Some slight changes are proposed to the team structure to ensure the Team has capacity to deliver the programme comfortably whilst also ensuring some additional support for households in light of the current cost of living crisis. The policy decision by ESNZ to move away from support for on-gas properties is a concern and the Council needs to do all it can to direct households to alternative support and advice services where funding is no longer available via the Sustainable Warmth grants.
- 2.11.** For this reason, it is proposed that an additional Sustainable Housing Officer role will bolster the team and the existing Support Officer role will change slightly to be able to provide additional fuel debt advice and support to households. This model is also being discussed with other local authorities in Lincolnshire to see whether this could be a way to provide consistent home energy advice to residents across the county which will work hand in hand with the Sustainable Warmth provision.
- 2.12.** We have also upskilled some of the current Team through training as Domestic Energy Assessors. This will enable us to undertake our own Energy Performance Certificate assessments for residents – reducing reliance on external contractors and providing a modest financial income for the Councils.
- 2.13.** The resources required to deliver the Sustainable Warmth scheme across the S&ELCP are set out in Table 2:

Table 2: Resourcing requirements for the Sustainable Warmth scheme

POSITION	CONTRACT TYPE	DETAILS
Project Manager	Permanent	Existing development position with some external PM support alongside on-the-job training
Sustainable Housing Officer	Secondment until March 2025	Existing current position to be extended
Sustainable Housing Officer	Secondment until March 2025	Existing current position to be extended
Sustainable Housing Officer	Fixed term until March 2025	Existing current position to be extended
Sustainable Housing Officer	Fixed term until March 2025	Additional position to be created
Sustainable Housing Support Officer	Fixed term until March 2025	Existing current position to be extended
Administration Assistant	Fixed term until March 2025	Existing current position to be extended

- 2.14.** Monitoring of HUG2 delivery will be undertaken through the continuation of the current Programme Monitoring Board with representation from relevant portfolio holders across the three Councils and Corporate Management Team via Assistant Director Regulatory. The Board is Chaired by the portfolio holder for carbon reduction at ELDC and meets every two months.

- 2.15.** In addition, monthly progress reports have to be submitted to ESNZ via the MNZH alongside monthly progress meetings.

SCHEME CRITERIA

2.16. Eligibility:

The criteria for the scheme is set by ESNZ and although broadly similar to previous funding rounds has changed slightly. It is based on the following:

- Properties must be –‘off gas’ – i.e. without the ability to connect to a mains gas grid connection
- Properties must have an Energy Performance Certificate (EPC) rating of D, E, F or G. The 30% maximum cap on the number of D-rated properties has now been lifted
- The household income threshold has been increased slightly and must not exceed more than £31,000 per year.
- A key change is that Disability Living Allowance (DLA), Attendance Allowance (AA) and Personal Independence Payment (PIP) will no longer count towards the income threshold and can therefore be discounted
- A new area-based eligibility route has been introduced for HUG 2, using income deprivation data drawn from the Indices of Multiple Deprivation. The most income-deprived neighbourhoods will therefore be automatically eligible for upgrades. Further clarification on how this works in practice is currently being sought
- In the case of rented properties, income eligibility is based on the tenants and not the landlord however only landlords who own four or fewer rental properties will be eligible for the scheme under HUG2

Funding:

- Unlike HUG 1, local authorities will not receive a 100% grant payment at the start of the delivery window. Instead batch applications must be submitted throughout the programme for approval and release of funds
- At this early stage, local authorities have been assigned an average spend per home figure of £18,000. This will later be adjusted in line with bespoke housing stock and measure mixes submitted in batch applications to align with funding cost caps
- The actual funding cost caps will be more complex than previous schemes which were based on starting fuel type and EPC. Under HUG2, there will be distinct cost caps for energy efficiency and low carbon heat and cost caps will be based on property characteristics such as wall type and archetype
- Park homes are eligible under HUG2 provided the total spend does not exceed £15,000.
- Landlords of private rented properties must make a one-third contribution to the cost of the works themselves.

Assessment and approval: The Sustainable Housing Officers will be responsible for ensuring all checks on the individual applications are completed as required. For each enquiry made,

initial checks to determine whether the eligibility criteria are met will be undertaken and an application form will be completed. Properties will then be sent to the contractors for initial surveys to take place at which point evidence of income eligibility will be required with signed declarations required from the householder as part of fraud prevention measures. Batches of eligible properties will be passed to ESNZ to be assessed on strategic fit and value for money. Once agreed, these will then be released to the contractors for measures to be installed. All documentation relating to the scheme will be handled using the Council's current Case Management System.

Marketing: The Sustainable Warmth Team will undertake targeted marketing of the scheme by writing to owner-occupiers and landlords of properties deemed eligible according to openly available data on the EPC Register and using data relating to off-grid properties. In addition, the Communications Team will support the promotion of the Sustainable Warmth scheme via existing digital channels and media releases. Opportunities to promote the success of the scheme using case studies from previous phases alongside continued development of new success stories and promotional materials will also be sought within the marketing budget of the scheme.

3. CONCLUSION

- 3.1** The Sustainable Warmth programme marks a significant investment in domestic retrofit across the areas of East Lindsey, Boston and South Holland which is aimed at tackling fuel poverty through reducing utility costs as well as reducing carbon emissions through the lowering of property carbon footprints.
- 3.2** The programme must be complete by the delivery deadline of March 31, 2025. This is a much better timeframe than provided by previous schemes however the number of properties to be delivered still means this will be a challenging programme. By building on the existing knowledge and experience of the current team and using grant funds to ensure the team is resourced adequately, we are confident that successful outcomes can be delivered for residents across our three districts.

EXPECTED BENEFITS TO THE PARTNERSHIP

Administering the Sustainable Warmth programme across the three Councils with East Lindsey as the lead accountable body will achieve economies of scale in terms of resourcing requirements and streamline the overall process through smoother financial and administrative processes.

This funding will place the Partnership at the heart of supporting eligible residents to improve the fabric of their properties, support a reduced cost of living and reduce carbon emissions from domestic properties.

IMPLICATIONS

SOUTH AND EAST LINCOLNSHIRE COUNCILS PARTNERSHIP

The key implications arising from this report for the Partnership relate to the increased size of the funding award which is double that of the previous phase, albeit to be delivered over a 24 month rather than a 12 month time period. This is therefore a high profile scheme with significant

reputational implications of any failure to deliver. We do however have a proven track record and strong foundations to build the HUG2 programme on.

CORPORATE PRIORITIES

The Sustainable Warmth programme will contribute towards the ambitions outlined in the Corporate Plans of all three Councils specifically in terms of tackling fuel poverty, reducing health inequalities, ensuring homes that are fit for the future and reducing carbon emissions.

STAFFING

As outlined in this report, acceptance of the Sustainable Warmth grant funding will require additional resourcing of the current Team. The external funding includes a budget for administration of the scheme which will be used to fund the positions through to the end of March 2025.

CONSTITUTIONAL AND LEGAL IMPLICATIONS

The conditions and eligibility criteria of the Sustainable Warmth programme will be published online and clearly communicated to all enquirers. Once approved, funding for measures will be subject to a signed offer letter setting out the financial and procedural obligations.

No funding is exchanged between the Council and the applicants. Instead, the Council will procure contractors which will invoice the Council directly. Payment will be made following a satisfactory inspection of the completed works and confirmation that all necessary industry certifications and guarantees have been filed as appropriate. Monthly valuation reports from the contractors will be independently cross-checked against the agreed Schedule of Rates prior to payment certificates being issued. Procurement will be undertaken through a Framework Agreement.

Whilst approving the project and associated agreements is an Executive function, approval of budget changes (to incorporate the grant funding received) is a non-executive function and approval will be through Council or (if necessary) suitable officer delegations.

DATA PROTECTION

Data Sharing Agreements will be established between the Council and ESNZ, MNZH and the Contractors with support from the Data Protection Officer to prepare and assess. Sharing of personal data will be done using a secure data sharing platform.

FINANCIAL

Funding for the Sustainable Warmth programme is from external sources and as such does not require any financial contribution from the Council.

RISK MANAGEMENT

Risk implications from this report are relatively low. The main risks are reputational rather than financial should delivery of the scheme fail.

A Risk Register and Fraud Risk Assessment for the programme have already been developed and will be reviewed regularly with any concerns addressed and/or escalated as appropriate.

STAKEHOLDER / CONSULTATION / TIMESCALES

Approval for the operational arrangements was received by ELDC's Executive Board on 15 February. During preparation of that report, Leaders at Boston Borough Council and South Holland

District Council were engaged as the report was developed together with the provision of informal briefings on the proposals set out.

REPUTATION

There is a potential reputational risk should the Council fail to deliver the programme by the March 2025 deadline to the scale and quality it demands.

CONTRACTS

ELDC will need to enter into a contract with an approved supplier(s) to deliver the works. Procurement is now underway and we are particularly focusing on continuing to build the expanding local supply chain that we have developed over the last few years of delivery.

CRIME AND DISORDER

None.

EQUALITY AND DIVERSITY/ HUMAN RIGHTS/ SAFEGUARDING

This programme will help to tackle the inequalities associated with fuel poverty through helping the most vulnerable in our communities to make improvements to properties that would not be possible without significant financial support.

The Sustainable Warmth Team will also consider any safeguarding concerns that may arise from communication with owner occupiers, tenants and landlords and will refer through to relevant partner agencies where appropriate.

HEALTH AND WELLBEING

The improved insulation of properties has the potential to reduce health inequalities as a result of people living in cold, damp and hard to heat properties.

CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

The Sustainable Warmth programme will have a positive impact on the carbon footprint of properties across our three districts, helping to reduce the carbon emissions of domestic properties through improving the insulation of buildings and through moving away from a reliance on fossil fuel heating towards more renewable technologies.

LINKS TO 12 MISSIONS IN THE LEVELLING UP WHITE PAPER

MISSIONS	
This paper contributes to the follow Missions outlined in the Government's Levelling Up White paper.	
Skills	As part of the Social Value side of the contractor award, upskilling of young people through apprenticeships and on-the-job training alongside careers talks at local schools and colleges will be part of the credits agreed as part of the programme.
Health	Reducing the number of people living in cold, damp homes through improving the energy efficiency of their properties will help to reduce the likelihood of related health conditions
Wellbeing	Living in cold, damp conditions coupled with concerns about fuel poverty and increased costs of living are shown to have wider impacts on both mental and physical wellbeing. This scheme will help to improve living

	conditions for residents which in turn should lead to healthier, warmer properties, helping to lift people out of fuel poverty.
Housing	The HUG2 scheme will provide opportunities for landlords to receive up to two-thirds of the cost of improvements to their properties. This will help prepare them for future policy changes to Minimum Energy Efficiency Standards, providing a better quality of accommodation for their tenants.

ACRONYMS

ESNZ – Department for Energy Security and Net Zero

MNZH – Midlands Net Zero Hub

HUG2 – Home Upgrade Grant 2

S&ELCP – South and East Lincolnshire Councils Partnership

APPENDICES

None

BACKGROUND PAPERS

No background papers as defined in Section 100D of the Local Government Act 1972 were used in the production of this report.

CHRONOLOGICAL HISTORY OF THIS REPORT

None

REPORT APPROVAL

Report author:	Sarah Baker, Group Manager - Climate Change and Environment sarah.baker@e-lindsey.gov.uk
Signed off by:	Christian Allen
Approved for publication:	Councillor Paul Skinner

FINANCE PROFORMA

PROFORMA FOR APPROVAL OF THE RELEASE OF RESOURCES

(CAPITAL AND REVENUE BUDGETS)

FROM:

THIS PROFORMA PROVIDES THE FINANCIAL IMPLICATIONS
IN RESPECT OF THE ATTACHED

REPORT:

REPORT DATE:

OPTION 1

£ Year 1	£ Year 2	£ Year 3	£ Year 4	£ Year 5
2020/21	2021/22	2022/23	2023/24	2024/25

Revenue



Total Revenue Cost

Funding required:

Total capital cost £

Considered by:

Enter committee here

Date:

Revenue cost £

Enter Council or
Cabinet/Executive here

Financial Services Comments

Risk

Procurement

Value for Money Efficiency

This FP is valid for 3 months from FP date	If this FP is no longer required please advise Finance	If there are changes to the original report it may invalidate this document, it must be reviewed by Finance.