

Report to:	Cabinet Council	Date of Meeting:	6 January 2022 20 January 2022
Subject:	Sustainable Warmth Funding 2022-2023		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

As part of a competitive bidding process co-ordinated through the Combined Authority, Sefton Council have been awarded £3,374,297 of grant funding to retrofit 307 poorly insulated homes for low income Sefton residents. The funding has come from the Department of Business Energy & Industrial Strategy (BEIS) as part of the government's post covid 19 response and supporting the UK Net Zero Carbon by 2050 target.

A request for approval to accept this funding is sought to ensure that Sefton can benefit from almost £3.4 million, 100% grant funding. Spending this funding is time critical to ensure residents receive the benefits and that no proportion of the funding is returned due to slippage in delivery. The programme is due to be delivered between January 2022 and 31 March 2023.

Due to the level of the grant funding, authority to accept the funding as well as secure permission to procure and award works is required from Council.

The funding is a continuation of the Green Homes Grant (GHG) Local Delivery Scheme (LAD) phase 2, but has been renamed as Sustainable Warmth.

Recommendations to Cabinet:

That subject to Council approving a supplementary capital estimate of £2.89m fully funded by grant funding, that the Cabinet be requested to approve:

- (1) a supplementary revenue estimate of £0.5M fully funded by grant funding;
- (2) that delegated authority be granted to the Executive Director of Corporate

Resources and Customer Services in consultation with the Cabinet Member Regulatory, Compliance and Corporate Services, to sign the grant funding agreement with the Combined Authority;

- (3) that delegated authority be granted to the Executive Director of Corporate Resources and Customer Services, to enter into a delivery partner agreement with One Vision Housing to deliver improvements to 50 properties as part of the sustainable warmth funding programme; and
- (4) that delegated authority be granted to the Executive Director of Corporate Resources and Customer Services in consultation with the Cabinet Member Regulatory, Compliance and Corporate Services, to appoint a contractor via a direct award from a public procurement regulations compliant framework(s) or Dynamic Purchasing System and enter into the contract once the procurement process is completed in order to undertake the required works.

Recommendation to Council:

- (1) That Council be requested to approve a supplementary capital estimate of £2.89m fully funded by grant funding.

Reasons for the Recommendation(s):

If this funding is not accepted, residents will not receive the investment required to improve their home, which is designed to reduce fuel poverty, reduce carbon emissions, support local jobs and improve the communities where these homes exist.

The £3,374,297 funding allocation is 100% grant and does not require any match funding from the council and there is no risk of clawback of the funding if fully utilised.

Delegated responsibility has been requested to help to streamline the governance of the project whilst maintaining full accountability. Any funding that is not utilised within the timeframe of the scheme (end date 31 March 2023) may be reallocated to other Local Authorities that are able to undertake the works in a timely manner.

Alternative Options Considered and Rejected: (including any Risk Implications)

Not to accept the funding – Rejected due to the loss of potential benefits to Sefton residents.

What will it cost and how will it be financed?

(A) Revenue Costs

100% of the revenue costs will be covered by the grant funding.

The existing Council Retrofit Team within the Energy & Environmental Management Section, will manage the delivery of Sustainable Warmth and the revenue allocation (up to 15% of total allocation) will be used to establish permanent posts.

(B) Capital Costs

100% of the capital funding will be covered by the grant funding award.

All capital funding will be provided by BEIS with the Liverpool City Region Combined Authority (LCR CA) acting as the accountable body.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): The existing Retrofit Team within EEM Sefton Council will manage the delivery of LAD2 and the revenue allocation will be used to establish permanent posts</p>								
<p>Legal Implications: Sefton Council will enter into a Grant Funding Agreement with the LCR CA to deliver the scheme in accordance with the specification set by BEIS (as directed by Sefton Council Legal Team). Sefton Council will enter a works contract through a public procurement regulations compliant framework(s) or Dynamic Purchasing System (as directed by the Sefton Council Procurement and legal teams). Sefton Council will enter into a Delivery Partner Agreement with OVH to deliver improvements to 50 properties as part of the sustainable warmth programme.</p>								
<p>Equality Implications: There are no equality implications.</p>								
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1"> <tr> <td>Have a positive impact</td> <td>Y</td> </tr> <tr> <td>Have a neutral impact</td> <td>N</td> </tr> <tr> <td>Have a negative impact</td> <td>N</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>Y</td> </tr> </table> <p>Retrofit of 307 poorly insulated homes will provide a positive impact by reducing fuel required to keep those homes warm as well as providing a cooling mechanism during heatwaves.</p>	Have a positive impact	Y	Have a neutral impact	N	Have a negative impact	N	The Author has undertaken the Climate Emergency training for report authors	Y
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Contribution to the Council’s Core Purpose:

<p><u>Protect the most vulnerable:</u> The scheme is designed to target the most vulnerable members of our communities by improving energy efficiency and reducing fuel poverty.</p>
<p><u>Facilitate confident and resilient communities:</u> The retrofit of homes will provide additional protection from extreme heat and cold. The works will improve the aesthetics of the local areas.</p>
<p><u>Commission, broker and provide core services:</u> n/a</p>

<u>Place – leadership and influencer:</u> n/a
<u>Drivers of change and reform:</u> n/a
<u>Facilitate sustainable economic prosperity:</u> The works are designed to support local jobs post Covid 19 pandemic.
<u>Greater income for social investment:</u> The scheme aims to work in conjunction with Invest Sefton to utilise local contractors where possible.
<u>Cleaner Greener:</u> The project to contribute to Council and Regional carbon reduction commitments and contribute to the Climate Emergency Strategy.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6647/21) and the Chief Legal and Democratic Officer (LD.4848/21.) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

LIVERPOOL CITY REGION COMBINED AUTHORITY Chief Executives Meeting
2 August 2021. Sustainable warmth funding bid approved.

Implementation Date for the Decision

Following the expiry of the “call-in” period for the Minutes of the Cabinet Meeting

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Appendices:

N/A

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 The Department for Business Energy and Industrial Strategy (BEIS) have provided a series of funding opportunities to retrofit private homes aimed at improving the worst performing homes for the poorest in our community. The programme aims to stimulate an economic recovery post Covid 19 lockdown, as well as support the delivery of the UK net zero carbon target (2050), Sefton Council Climate Emergency and Liverpool city Region net zero targets.
- 1.2 The funding is currently at round 3. In the first round of this funding (LAD1b) Sefton secured funding to retrofit 30 properties. This programme is over 50% complete with a completion date of 31 March 2022.
- 1.3 Phase 2 (LAD2) of the scheme was a direct award to local authorities across England to ensure benefits were distributed across the country. Sefton secured funding to retrofit 215 properties, with this allocation based on property types and income levels. The LCR CA is the accountable body and will report progress back to BEIS for the Liverpool City Region. Works on phase 2 are underway with a completion date of 31 March 2022.
- 1.4 Phase 3 (LAD3 HUG1) has been called 'Sustainable warmth' and was a competitive bidding process co-ordinated through the Combined Authority. Sefton Council have committed to the retrofit of 307 poorly insulated homes for low income Sefton residents. This will be delivered January 2022 to 31 March 2023.
- 1.5 Confirmation of the 'Sustainable warmth' award was confirmed in December 2021.

2 PROGRAMME

- 2.1 Sefton's programme of work has consistently followed the guiding principles;

Worst First:

Facilitating the treatment of the worst performing homes based on EPC bandings. It is acknowledged that there will /may be a need for greater spend on those homes with a lower starting EPC Band.

Fabric First:

A fabric first approach (of insulation and heat loss prevention measures) is required. This ensures that heat loss prevention measures are installed before other energy efficiency measures to maximise comfort and bill savings for the consumer, and to maximise the dwelling's suitability for low carbon heating either now or in the future.

Lowest Regrets:

The approach to retrofit taken should minimise the potential of measures installed through early actions having to be replaced in the future on the journey to Net Zero for the housing stock. This would include low cost, high return interventions, to allow early action rather than adopting a 'wait and see' approach.

- 2.2 The programme of work has been based around a fabric first approach and

focuses on providing external wall insulation (for single brick and concrete construction properties) and cavity wall/ loft insulation (for properties with unfilled cavity walls) in general terms.

- 2.3 From 1 November 2021 all properties will receive a retrofit assessment and follow PAS 2035 which will specify the measures needed to move the home to a net zero carbon position. The works can be staggered and will follow the guiding principles outlined above.
- 2.4 Funding is averaged to £10K per property (for properties with gas supply) and £15K per property (for off gas properties).
- 2.5 The primary focus of the Sustainable Warmth scheme is to upgrade privately owned housing occupied by low-income households. Some social housing is permitted up to a maximum of 10% an 'in fill' etc.

3 AREAS TARGETED

- 3.1 The delivery of LAD1b and LAD2 targeted areas of Netherton, Bootle and Litherland where properties were a system built "no fines" concrete nature or "cross wall" construction. It is difficult to insulate these properties due to the substantial investment needed to install external wall insulation. Additional properties with single brick wall construction are also being targeted as they are also suitable for external wall insulation.
- 3.2 Properties in Southport PR9 and PR8 have been targeted primarily for the installation of cavity wall and loft insulation.
- 3.3 Officers will continue to promote the offer afforded by the 'Sustainable Warmth' funding to these areas as well as further afield. This will be done through the use of the Parity database which identifies those properties that have / likely to have no insulation. Letters will be sent to those properties and further eligibility assessments will then take place if residents wish to proceed. Contractors will provide information (Sefton approved leaflets) to neighbours of those having work undertaken, in similar properties and banners with details of the scheme/ council website will be displayed on scaffold. However, a mass promotion across Sefton is not possible as only 307 properties can be upgraded under this funding.
- 3.4 The eligibility criteria of the grant funding targets low-income households (a combined income of below £30K per annum) with poor energy efficiency ratings. It is aimed at privately owned or rented households, and separate funding exists for social housing providers. Households will not have to provide a financial contribution to the proposed works.

4 SOCIAL HOUSING

- 4.1 Local Authorities may use the funding to improve social landlord housing stock. Whilst funding for measures for owner occupied properties is capped at £10K per home, privately rented and social housing can obtain a maximum subsidy of £5K per home with at least 33% of the total retrofit costs coming from landlord contributions.

4.2 At the start of the whole retrofit programme in 2019, several housing associations were approached regarding potential projects that could fall within this programme. One Vision Housing were able to confirm a programme of work. As such, Sefton have agreed with One Vision Housing to allocate £300,000 from the Sustainable Warmth funding award, for them to upgrade 50 of their properties in Sefton during 2022/23.

4.3 A delivery partner agreement will be developed and will be reviewed by the Sefton legal department.

5 ROUTE TO MARKET

5.1 Sefton Council will enter a works contract through a public procurement regulations compliant framework(s) (as directed by the Sefton Council procurement and legal teams).

5 RISKS AND MITIGATION

5.1 **TIMESCALES;** The programme is required to complete works by the 31 March `2023. Acting quickly and utilising an approved framework, will help to mitigate risk of slippage. A full programme management with regular reporting will help to track areas of concern at an early stage and rectify. Contracts will include staged payments, to ensure risk of clawback from any delays does not lie with Sefton Council. Officers will provide regular progress reports to Cabinet Member - Communities and Housing and Cabinet Member - Regulatory, Compliance and Corporate Services.

5.2 **QUALITY OF WORKS;** Works to residents' homes with Council association, must be of the highest quality. The works will require contractors to be Trustmark Accredited, employ retrofit coordinators to minimise the delivery assurance risk and ensure quality & compliance with PAS2035.

5.3 **SUPPLY CHAIN;** Limited capacity currently exists due to increased demand for retrofit works, however the situation is improving with increased resource becoming available. Sefton Council will work with framework providers to ensure awards are only made to companies with the capacity and capability to undertake these specialist works within the agreed timescale.

5.4 **INTERNAL CAPACITY;** Utilising existing retrofit staff, to develop a permanent team, with the necessary expertise from delivery of previous and current ERDF funded retrofit programmes, will provide the capacity and expertise required.

5.5 **CLAWBACK;** The ££3,374,297 funding allocation is 100% grant and does not require any match funding from the council. There is no risk of clawback if the funding is fully utilised.

6 FUTURE FUNDING

6.1 There are several additional funding opportunities such as, Social Housing Decarbonisation Fund (SHDF) and a Home Upgrade Fund (HUG) available in 2021/ 2022. Sefton Officers will work with the CA to develop bids for these funding

streams whilst working to develop and strengthen the supply chain and training opportunities locally.

- 6.2 Sefton Officers will continue to look for opportunities to continue these works and maximise future funding opportunities. The LCR CA estimate that there is a need to retrofit 20,000 homes per annum in the city region to achieve the 2040 target of net zero carbon. The Sustainable warmth funding secured across the LCR amounts to almost £28M and will deliver upgrades to 2,355 properties. Therefore, the need for retrofit must continue and expand if the region is to meet the net zero carbon goal by 2040.