

<b>Report to:</b>	Cabinet Member Communities and Housing	<b>Date of Issue:</b>	11 <sup>th</sup> August 2022
		<b>Date of Decision:</b>	19 <sup>th</sup> August 2022
<b>Subject:</b>	Bid submission for Private Rented Sector Minimum Energy Efficiency Standard (MEES) compliance & enforcement funding		
<b>Report of:</b>	Assistant Director of Place (Economic Growth and Housing)	<b>Wards Affected:</b>	All
<b>Portfolio:</b>	Cabinet Member - Communities and Housing		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No.		

### Summary:

This report outlines a proposal to accept Private Rented Sector Minimum Energy Efficiency Standard (MEES) compliance & enforcement funding

### Recommendation(s):

- (1) Cabinet Member is asked to note the contents of this report;
- (2) That Cabinet Member approves acceptance of £41,344 Private Rented Sector (PRS) MEES Compliance & Enforcement Grant Funding;
- (3) That Cabinet Members delegates authority to the Assistant Director of Place (Economic Growth and Housing) to enter into a Grant Funding Agreement as per the terms outlined in the body of this report.
- (4) Note that the Assistant Director of Place (Economic Growth and Housing) will authorise a supplementary revenue estimate of £41,344 which will be fully funded by the MEES Grant Funding

### Reasons for the Recommendation(s):

Cabinet Member approval is required to accept the grant offered by the Department for Business, Energy and Industrial Strategy (BEIS).

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

The Council could choose not to accept the funding and try to integrate the energy efficiency enforcement work into existing roles, however, the significant amount of standard compliance work relating to the licencing scheme that the team is trying to deal with will make this very challenging to achieve.

**What will it cost and how will it be financed?**

**(A) Revenue Costs**

It is estimated that the study will cost in the region of £41,344 to complete, with 100% of the funding coming from BEIS. No match funding is required to meet the objectives of the original grant bid, to employ 2 Compliance Officers for 7 months. However, as outlined in this report it is proposed that these posts be extended to 12 months each at an additional cost of £27,814 using income secured from the Landlord Licencing Schemes as outlined at point 2.4.

**(B) Capital Costs**

There are no direct capital costs associated with this report.

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b>	
Revenue costs will be met from the grant funded provided by BEIS and licencing reserves. Any additional staffing requirement will be met from existing budgets within the Housing Service.	
<b>Legal Implications:</b>	
Acceptance of the grant funding means compliance with terms of the grant funding including a requirement to make regular performance returns to the funder.	
<b>Equality Implications:</b>	
There are no equality implications.	
<b>Climate Emergency Implications:</b>	
The recommendations within this report will	
Have a positive impact	Y
Have a neutral impact	N
Have a negative impact	N
The Author has undertaken the Climate Emergency training for	Y

report authors	
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**Contribution to the Council's Core Purpose:**

Protect the most vulnerable: The enforcement of the energy efficiency regulations relating to the Private Rented Sector are important to ensure that tenants are able to live in comfortable homes which are energy efficient.
Facilitate confident and resilient communities: Providing good quality housing is key to ensuring that we facilitate confident and resilient communities.
Commission, broker and provide core services: n/a
Place – leadership and influencer: n/a
Drivers of change and reform: n/a
Facilitate sustainable economic prosperity: Provision of high quality housing is key to retaining and attracting economically active households to south Sefton.
Greater income for social investment: n/a
Cleaner Greener: Acceptance of this grant funding will help improve the energy efficiency of housing in the Private Rented Sector.

**What consultations have taken place on the proposals and when?**

**(A) Internal Consultations**

The Executive Director of Corporate Resources and Customer Services (FD 6891/22) and the Chief Legal and Democratic Officer (LD 5091/22) have been consulted and any comments have been incorporated into the report.

**(B) External Consultations**

N/A

**Implementation Date for the Decision**

Immediately following the Committee / Council meeting.

**(Please delete as appropriate and remove this text)**

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## **Background Papers:**

There are no background papers available for inspection.

### **1. Background**

- 1.1 The Energy Efficiency (Private Rented Property) (England & Wales) Regulations 2015 introduced a minimum energy performance standard of EPC Band E for all domestic private rented property from April 1<sup>st</sup> 2020. The Housing Standards Team within the Economic Growth & Housing Division are responsible for the enforcement of these regulations.
- 1.2 Under the regulations landlords of F and G rated homes are required to invest, or co-invest, in improving the energy performance of these properties to EPC Band E, if third-party funding is unavailable or insufficient. The landlord spend requirement is capped at £3,500 inclusive of VAT.
- 1.3 The Private Rented Sector (PRS) Regulations provide a limited number of temporary exemptions for properties with an EPC rating of F or G, to protect landlords where it is not technically advisable, or financially feasible, to bring those properties up to an EPC E rating. Exemptions are registered on a self-certification basis on the PRS Exemptions Register. The majority of exemptions available to landlords under the PRS Regulations are valid for a period of five years, effective from their date of registration.
- 1.4 A Briefing Note was shared on the 3<sup>rd</sup> December 2020 when we responded to a consultation on the new Regulations and highlighted the resource implication for local authorities in enforcing these Regulations.
- 1.5 Data shows that within the Council's Selective Licensing area there are approximately 300 properties that are currently being privately rented yet have an EPC rating of Band F or G. These properties will require remedial works in order to comply with the Regulations. This in turn will require a significant amount of enforcement action by the Housing Standards Team. However, this enforcement tool has not been used to date, as officers have been using informal action, and other work has taken priority.
- 1.6 The Council has declared its climate change emergency and adopted a climate change plan, part of which recognises the importance of achieving energy efficiency improvements in the borough's housing stock, so this bid would support this declaration.
- 1.7 In July 2021, following the success of the Private Rented Sector enforcement pilot study, The Department for Business, Energy and Industrial Strategy (BEIS) partnered with the Midlands Energy Hub to administer a compliance and enforcement competition, was expected to distribute over c.£2 million of grants to a range of Local Authorities in England and Wales with viable proposals to develop or expand effective compliance and enforcement activity in relation to the new regulations.
- 1.8 The funding is intended to support local authorities to boost their compliance and enforcement capacity and capability. Local authorities will have some time for mobilisation before delivering a minimum of six months enforcing MEES activities within the private rental sector, providing clear evidence of the funding's impact and replicability.

- 1.9 In order to provide additional resources to carry out enforcement action with Sefton Selective Licencing area in Bootle/Litherland following the introduction of the new regulations CM gave permission to submit a bid for £41,344 in July 2021 to enable 2 x Compliance Officers to be recruited for a period of 7 months.
- 1.10 In July 2022 we learned that the application for funding had been success.

## 2. Project Proposal

- 2.1 Although acceptance of the grant offer will provide welcome additional resource to allow us to meet our obligations under the Energy Efficiency (Private Rented Property) (England & Wales) Regulations 2015, there is sufficient work to justify longer appointments and therefore it is proposed to supplement the grant funding with licencing income reserves to make the two posts up to a full 12 months.
- 2.2 As we approach the end of the 2018-2023 Additional and Selective Licencing Scheme an income reserve has been built up, however, under the requirements placed on the council the scheme must not make a profit and must 'break even'.
- 2.3 Supplementing the grant funding with licencing income surplus will ensure that the roles are more attractive to prospective applicants and will ensure that a significant impact can be made on properties which do not comply with the requirements of the new regulations.
- 2.4 The breakdown of funding for the two posts is as follows:

Role	Costs			Income		
	No. of Posts	Cost per post	Total Cost	BEIS Grant Funding	Landlord Licencing Reserves	Total Income
Compliance Officer	2	£33,329	£66,658	£38,844	£27,814	£66,658

## 3. Grant Requirements

- 3.1 The key terms of acceptance of the grant funding are as follows:

In accordance with clause 5.1, the Funder may withdraw or reduce, or require the Recipient to repay all, or any proportion, of the Grant, on any of the following grounds.

1. The Recipient fails to comply with the terms of this Agreement and the non-compliance is not remedied within a reasonable period or is not capable of remedy;
2. The Funder has reasonable grounds to consider that the Recipient has used the Grant other than in accordance with the terms of this Agreement;
3. The Funder has reasonable grounds to consider that the information and evidence provided by the Recipient in relation to the Pre-Development Works or the Grant has not been complete and accurate or supplied honestly and in good faith;
4. There is a change to the Pre-Development Works which the Funder reasonably considers to be material and has not agreed to in writing;
5. The Grant or any proportion of the Grant remain unspent or uncommitted to the delivery of the Pre-Development Works by 31<sup>st</sup> December 2022;
6. There has been a change to the Recipient's circumstances which the Funder reasonably considers makes (or would have made) a material difference to the

Recipient's eligibility for the Grant or the conditions on which it is appropriate to award the Grant;

7. There is a finding of Subsidy Control non-compliance by a Court or other agency of competent jurisdiction which leads to the Recipient being ordered to repay the Grant or any part of it;
8. The Recipient becomes insolvent or goes into liquidation whether voluntary or otherwise or shall have a receiver or administrator appointed by the Court, any debenture holder or any other party;
9. The Recipient is convicted of a criminal offence relating to its business or profession;
10. The Recipient ceases or threatens to cease to carry on its business; or
11. There is a risk or a genuine belief that there is a risk that reputational damage to the Funder will occur as a result of this Agreement continuing.