

North Somerset Council Decision



Decision Of: Cllr Mike Bell, Executive Member for Housing

With Advice From: Director of Public Health and Regulatory Services and Section 151 Officer

Directorate: Public Health and Regulatory Services

Decision No: PHRS038 2022/2023

Subject: Home Upgrade Grant Phase 2 - funding bid

Key Decision: Yes

Reason:

The value of the bid is over £500,000

Background:

As part of the government's programme to tackle climate change through home energy efficiency improvements and Help to Heat scheme £700 million fund was announced on 29 September to be delivered through a challenge fund competition open to local authorities.

The scheme provides grants to local authorities for energy efficiency and clean heating upgrades in owner occupied and private rented sector fuel poor homes off the gas grid. It has two main objectives:

- To deliver progress towards the statutory fuel poverty target for England, by improving as many fuel-poor homes (of energy efficiency rating Band D, E, F and G) as reasonably practicable to Band C by 2030.
- To progress the government target to achieve Net Zero by 2050, through supporting the phase out of off-gas grid fossil fuels and transition to low-carbon heating systems.

We propose submitting a joint bid with Bristol City Council (BCC) as lead and Bath and North East Somerset (BaNES) to improve the home energy efficiency of homes in North Somerset. The proposal for North Somerset is as follows:

- **195** private sector homes including **45** park homes to receive a combination of insulation and renewable energy installations

The estimated total capital will be **£3,375,000** and a revenue contribution of **£82,450** ; all to be fully funded through the bid.

The funding must be targeted at low-income households which the government have indicated should be a household income of no more than £31,000 per annum before housing costs and inclusive of any benefits.

The emphasis for assessment of applications will be on successful delivery of projects demonstrating clear timescales, quality assurance, robustness of eligibility monitoring and value for money. The critical sections is setting realistic achievable targets using current database and ensuring a robust supply chain of contractors. Detailed analysis of EPC data at a local level has allowed our projections for targeting households are suited to the characteristics of the dwelling to best match with improvement measures.

The government have provided an indicative capital cost (£18,000 per home) for the purposes on drafting the application but the final allocation will depend on measures installed e.g. external wall insulation, air source heat pump. Each measure has a cap on the average cost permitted which is in line with previous projects. For park homes the cap is a maximum of £15,000. There are other variables depending on fuel type (no mains gas), current EPC and tenure (private landlords have to contribute minimum 33%).

Bristol City Council will act as lead authority for the bid and will manage referrals, processing, reporting and overall scheme compliance requirements.

The availability and capacity of contractors, properly procured as part of Bristol City Council's City Leap programme is a significant advantage and is a key area of focus for assessment. The delivery of measures to park homes will be led by North Somerset who will repeat a procurement exercise undertaken for previous schemes.

On this occasion the support of an external agency (Turner and Townsend) has been provided (funded by BEIS) to help draft the application and act as a critical friend which has proved particularly valuable in ensuring the key information for assessment has been provided in full and any gaps strengthened.

Decision:

- 1. Support a consortium application to the Home Upgrade Grant 2 in partnership with Bristol City Council (Lead) and Bath and North East Somerset Council.**
- 2. If successful amend the capital programme to incorporate the funding allocated.**

Reasons:

To help reduce the number of North Somerset households in fuel poverty; by improving the home energy efficiencies of homes and reducing carbon emissions.

Options Considered:

1. Submitting solely a North Somerset Council bid was considered as an option although this approach would not have benefited from the shared expertise of other authorities but importantly the economies of scale should result in increased value for money. There is a strong partnership arrangement with BCC and BaNES developed through previous bidding rounds.
2. The option of not submitting a bid was rejected as this significant funding stream is scheduled to run until March 2025; without it would be little available for low-income households.

Financial Implications:

There are no significant financial implications arising from the bid, as **no** match funding is required and the grant will cover 100% of the costs. The Section 151 Officer has reviewed the proposal and is supportive of the bid.

Costs:

The costs to be included in the bid for North Somerset are as follows:

HUG 2 Scheme (150 private homes) - £2,700,000

HUG 2 (Park Homes) - £675,00

Administration and ancillary costs - £82,450

Total **£3,129,087**

North Somerset Council resourcing includes recruiting dedicated specialist staff (with management support), voluntary sector support, marketing, procurement (park homes) and ancillary costs for works in advance of installing measures.

Funding:

The funding available is designed to cover 100% of the costs and as targeted at low-income households; no contributions are required (other than landlords as required)

The Administration and Ancillary costs are capped at 15% and the bid contains detailed explanations e.g. staffing, marketing, preparatory works in line with the guidance. Bristol City Council Finance Team have reviewed the budgets for the scheme and are fully supportive.

The costings include a contingency budget (5% of capital) to allow for any unforeseen costs and inflationary pressures.

Legal Powers and Implications:

Only local authorities can bid for this capital; distributed under Section 31 Local Government Act 2003 and is governed through a Memorandum of Understanding with the lead authority.

Climate Change and Environmental Implications:

Improving home energy efficiency is a key priority within the Climate Emergency Action Plan and the scheme is particularly aimed at retrofit and low carbon heating installations.

Consultation:

The extremely short timescale for preparation and submission of bids (7 weeks) has restricted the amount of consultation possible although we have taken the opportunity to engage with key partners including Centre for Sustainable Energy, Warm Homes, Money and Advice project (WHAM) and private sector landlords. Internal consultation with Procurement and Finance Teams.

The Climate Emergency Group and Adult Services and Housing Panel have been consulted also.

Risk Management:

There have been no significant risks identified from submitting the bid and the governance arrangements in place through lead member and BEIS adequately provide for any necessary mitigation or adjustment throughout the project.

A risk register has been established to highlight key risks and mitigation including:

- Low take up by households (targeting worst homes)
- Inflationary costs (contingency fund)
- Delays with batch process (robust forecasting and scheduling installs)
- Planning permission (Planning Depts briefed)
- Work quality (Trustmark approved contractors)
- Fraud (robust eligibility checks)
- Technical changes e.g. Building Regs (contingency)

Equality Implications:

Have you undertaken an Equality Impact Assessment? Yes

Only positive outcomes have been identified.

Corporate Implications:

The greatest implication from a successful outcome of this bid will be the help to alleviate fuel poverty and the contribution to the climate emergency action plan.

Appendices:

None

Background Papers:

Home Upgrade Grant Phase 2

[Home Upgrade Grant: Phase 2 - GOV.UK \(www.gov.uk\)](http://www.gov.uk)

Signatories:

Decision Maker(s):



Signed:

Title: Executive Member for Housing

Date: 17 November 2022

With Advice From:



Signed:

Title: Director of Public Health and Regulatory Services

Date: 17 November 2022

Signed: 

Title: Section 151 Officer

Date:17/11/2022.....

Footnote: Details of changes made and agreed by the decision taker since publication of the proposed (pre-signed) decision notice, if applicable:

