

Cabinet

15th February 2022

Name of Cabinet Member:

Cabinet Member for Jobs, Regeneration and Climate Change - Councillor J O'Boyle

Director Approving Submission of the report:

Director of Business, Investment and Culture

Ward(s) affected:

All Wards

Title:

Sustainable Warmth Competition (Inc. Green Homes Grant Local Authority Delivery Phase 3 and Homes Upgrade Grant)

Is this a key decision?

Yes - the report involves financial implications in excess of £1m per annum and significantly affects residents in all electoral wards of the city

Executive Summary:

Approval is sought for acceptance of Sustainable Warmth Competition grant funding of c.£2.18 million to support the retrofit of energy efficiency measures for low income and low Energy Performance Certificate (EPC) rated residential households within the City.

The Midlands Energy Hub (MEH) was successful in a regional bid to the Sustainable Warmth Competition (SWC) from the Department of Business, Energy and Industrial Strategy (BEIS). A proportion of this funding was notionally allocated to Coventry City Council which we are now seeking approval to accept. Subject to acceptance, Coventry City Council's allocation will be c.£2.18 million (£1,908,500 to be spent on Local Authority Delivery (LAD) Phase 3 for on gas properties and £275,000 to be spent on Home Upgrade Grant (HUG) Phase 1 for off gas properties). Neither require any local match contribution from the Council. Following Cabinet approval, full project development plans will be created, with delivery of the scheme to be completed by March 2023.

The SWC is available for up to 100% of both capital and revenue costs associated with its delivery. The SWC will support and complement the existing 'Keeping Coventry Warm' scheme that has been operating in Coventry for several years, in addition to building on the previous Green Home Grant schemes that the Council is already part-way through delivering.

The funding is essential to support some of the most vulnerable residents in our community to improve the energy efficiency of their homes and reduce the levels of fuel poverty across the City. This will in turn lead to:

- 1) Reduction in Coventry's domestic carbon emissions.
- 2) Reduction in health-related morbidity and mortality associated with living in cold homes.
- 3) Reduced demand placed on health and care services.
- 4) Improved energy efficiency for the homes supported, reducing their energy bills and increasing thermal comfort.

Recommendations:

Cabinet is recommended to:

- 1) Approve the acceptance of c.£2.18 million pounds of the Sustainable Warmth Competition grant funding from the Midlands Energy Hub to deliver a scheme of domestic retrofit measures to fuel poor and low-income households in Coventry as set out in this report.
- 2) Delegate authority to the Director of Business, Investment and Culture, following consultation with the Chief Operating Officer (Section 151 Officer) and the Director of Law and Governance, to undertake the necessary due diligence, finalise the terms and conditions of the Sustainable Warmth Competition grant, and enter into any legal agreements required to facilitate delivery of the project.
- 3) Request that officers continue to pursue further funding opportunities that may be offered to support further decarbonisation of the City's residential buildings, following consultation with the Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources. This includes but is not limited to, further GHG LAD Schemes and further waves of the Social Housing Decarbonisation Fund.
- 4) (If further grant funding opportunities are secured) delegate authority to the Chief Operating Officer Officer (Section 151 Officer), following consultation with the Director of Business, Investment and Culture, the Director of Law and Governance, the Cabinet Member for Jobs, Regeneration and Climate Change and the Cabinet Member for Strategic Finance and Resources, to undertake the necessary due diligence, finalise the terms and conditions of the grant and enter into any legal agreements required to facilitate delivery of each project up to a maximum amount of £2.5 million pounds.

List of Appendices included:

No appendices included

Background papers:

None

Other useful documents

Sustainable Warmth Competition Guidance Notes -

<https://www.gov.uk/government/publications/apply-for-the-sustainable-warmth-competition>

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

No

Report title: Sustainable Warmth Competition (Inc. GHG LADS 3 and HUG).

1. Context (or background)

- 1.1 The UK Government has committed to provide financial support to help stimulate the economy following the economic downturn caused by the Coronavirus pandemic. They have established several funding schemes aimed at supporting green job growth, including numerous residential retrofit Programmes, such as the Sustainable Warmth Competition.
- 1.2 The Sustainable Warmth Competition (SWC) is investing over £430 million to help local authorities to upgrade energy inefficient homes of low-income households in England. The projects will start in early 2022 and complete by March 2023. This competition brings together 2 existing fuel poverty schemes: Local Authority Delivery Phase 3 (LAD3) and Home Upgrade Grant Phase 1 (HUG1).
- 1.3 The Midlands Energy Hub made a collective bid on behalf of Local Authorities across the Region to the Sustainable Warmth Competition for the Midlands Region with an allocation to Coventry City Council based on the number of fuel poor properties in the City.
- 1.4 We have worked with the Midland Energy Hub in the same capacity to deliver LAD2 which is currently ongoing.
- 1.5 Fuel poverty is a significant problem for some Coventry households, with many low income and vulnerable individuals affected. Across the city, 18.8% of all households are fuel poor, and consequently, are unable to afford to stay warm in their homes.
- 1.6 The funding will be used to support some of the most vulnerable residents (at least 200 households) in our community to improve the energy efficiency of their homes, make their homes warmer and reduce the levels of fuel poverty across the City. The measures will include:
 - external wall insulation,
 - solar PV,
 - cavity wall insulation,
 - loft insulation and;
 - heat pumps
 - other (if approved by BEIS).

2. Options considered and recommended proposal

2.1 Option 1 – Do nothing / Do not accept grant funding (Not Recommended)

- 2.1.1 This option would not enable the Council to meet key objectives, namely tackling fuel poverty and reducing carbon emissions within the City. The SWC supports many objectives of the Council Plan, namely:
 - Tackling the causes of climate change.
 - Building climate resilience in Coventry's housing stock.
 - Reducing the impact of poverty.
 - Reducing health inequalities.
 - Protecting our most vulnerable people.
 - Improving health and wellbeing.

- 2.1.2 Significant investment is required to retrofit the entirety of the City to meet carbon targets (e.g. UK's net zero target by 2050; WMCA's pledge to achieve net zero by 2041) and the Council should take the opportunities to support this work whenever available.

2.2 Option 2 – Accept the grant funding (Recommended)

- 2.2.1 The acceptance of the grant funding would provide the financial capability to support at least 200 households within the City. This will support key objectives of the Council as mentioned above. It would support the Council in further bids aimed at retrofitting residential homes.
- 2.2.2 In addition to supporting fuel poor residents in the City and reducing carbon emissions, the acceptance of this funding will also improve employability for local contractors who will be engaged with the project, building a larger and more resilient low carbon sector in the City and surrounding areas.
- 2.2.3 The risks associated with the SWC are low compared to other grant schemes as the scheme will fund 100% of both capital and admin/ancillary costs.
- 2.2.4 This option is also fully in line with the council's aim of levering additional funding through grants and bids to support service delivery.

3. Results of consultation undertaken

- 3.1 There will be an opportunity to consult with various parties (Inc. our delivery partners Act on Energy, and the nominated contractor) during the creation of the development plan. Tight timescales in the bidding process prevented further opportunities for more detailed consultation.

4. Timetable for implementing this decision

- 4.1 The regional bid by the MEH was submitted to BEIS and approved last month. If Council approval is granted, the Council will be required to submit a development plan to the MEH by 28th February 2022, detailing how the grant will be delivered.
- 4.2 The delivery of the scheme will need to be completed by 31st March 2023.

5. Comments from the Chief Operating Officer (Section 151 Officer) and the Director of Law and Governance

5.1 Financial implications

- 5.1.1 The requested approval of the c£2.1 million grant funding from MEH will cover all costs including capitals costs, admin costs and ancillary costs. The SWC does not require any capital or revenue match funding to be provided locally by the City Council, but all investments and outcomes must be achieved by the end of March 2023.
- 5.1.2 A breakdown of the c. £2.18 million funding is provided below:
LADS 3 (Capital Funding) – £1.735 million LADS 3 (Admin/Ancillary Funding) - £173,500
HUG1 (Capital Funding) - £250,000
HUG1 (Admin/Ancillary Funding) - £25,000

- 5.1.3 The Council will procure in line with the grant conditions and enter into a contract with the procured contractor to ensure there is minimal financial risk. Any cost overrun will be borne by the contractor.
- 5.1.4 If approved, the Council will be required to create a development plan indicating how the grant will be spent, as well as signing and returning a Grant Award Letter to MEH. Grant payments can be made under Section 31 of the Local Government Act 2003.

5.2 Legal implications

- 5.2.1 The Council will need to sign a Grant Award Letter from MEH, outlining the conditions by which the grant must be spent, as well as other appropriate documentation (e.g. Data Sharing Agreement, Privacy Notice etc.) approved by the Council's legal and governance services.
- 5.2.2 To ensure full compliance, the terms and conditions will be devolved to and approved by our delivery partners. The agreed terms and conditions will ensure that the appropriate conditions and obligations imposed by CCC are carried out.
- 5.2.3 The Council will be required to enter a contractual agreement with the nominated delivery partner, which will require approval by the Council's legal services.
- 5.2.4 There is a small risk of clawback in the event of non-compliance with the terms and conditions set out in the Grant Award Letter. However, the Council will work with delivery partners to ensure strict monitoring of compliance, which will be spot-checked by the Council (in addition to the measures identified in paragraph 6.2 of this report) to minimise this risk.
- 5.2.5 Any procurement exercise will be conducted in compliance with the Council's policy and legal obligations, specifically in compliance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015 and Subsidy Control Rules, and supported by relevant officers.

6. Other implications

6.1 How will this contribute to the Council Plan (www.coventry.gov.uk/councilplan/)?

- 6.1.1 The Council Plan for 2016 – 2024 sets out the vision and priorities for Coventry. Under the heading of 'Reducing the Impact of Poverty', the Plan states that supporting residents experiencing fuel poverty is a priority. The Sustainable Warmth Competition will contribute to supporting fuel poor households, and will also support other core aims of the Council Plan, including:
 - Reducing the impact of poverty.
 - Reducing health inequalities.
 - Protecting our most vulnerable people.
 - Improving health and wellbeing.
- 6.1.2 Action to tackle fuel poverty also has multiple policy benefits. In addition to contributing to the Council Plan, it will have a positive effect in terms of:
 - Improving the quality of housing.
 - Increasing disposable incomes.
 - Creating employment opportunities.

- Preventing ill health and excess winter deaths arising from the effects of excess cold.
- Improving opportunities for home study and therefore educational attainment.
- Reducing carbon emissions.

6.2 How is risk being managed?

- 6.2.1 The Council will be responsible for ensuring that the funding is spent in compliance with the programme's regulations and before 31st March 2023.
- 6.2.2 The main risk is related to delivery within the allocated timeframes, however working closely with delivery partners will ensure there is capacity in the management side, and contractor side of the project to deliver within this timescale.
- 6.2.3 For the duration of the scheme, a project board comprised of members from all delivery organisations will be in operation. The board will meet to discuss: Progress against KPIs, evaluation of marketing, issue logs, project risk registers and individual cases where necessary.

6.3 What is the impact on the organisation?

- 6.3.1 The scheme will be delivered within existing staff resources. Where possible, a proportion of the grant funding will be used to increase staff capacity (on a fixed term contract) within the Climate Change & Sustainability Team.

6.4 Equality Impact Assessment (EIA)

- 6.4.1 Fuel Poverty disproportionately affects householders who are vulnerable and on low incomes, and particularly those with ill-health or disabilities. Increasing the capacity of funding available to support these residents is of vital importance.

6.5 Implications for (or impact on) climate change and the environment

- 6.5.1 The housing sector is responsible for a substantial proportion (c.34%) of carbon dioxide emissions in the city. Energy efficiency improvements to the housing stock will play an important part in reducing carbon emissions. This is in line with the Council's existing Climate Change Strategy. The scheme will also support additional jobs in the low carbon sector.

6.6 Implications for partner organisations?

- 6.6.1 The customer journey and delivery of the scheme will be completed by organisations outside the council due to the expertise and accreditations these organisations can provide. Where possible these organisations will be local to Coventry and the Midlands providing opportunities to use a local workforce.

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