



REPORT TO:	CABINET
DATE:	26 APRIL 2022
SUBJECT:	GREEN HOMES GRANTS DELIVERY
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:	LORD PORTER, LEADER
REPORT OF:	CLIMATE CHANGE AND ENVIRONMENT MANAGER
REPORT AUTHOR:	SARAH BAKER
WARD(S) AFFECTED:	ALL
EXEMPT REPORT?	NO

SUMMARY

Funding of **£7,254,966** has been secured from the Department for Business, Energy and Industrial Strategy across the South and East Lincolnshire Councils Partnership (S&ELCP) for the next phase of Green Homes Grants delivery – known as **Sustainable Warmth**. This paper sets out the proposed operational arrangements and eligibility criteria for the next round of grants which launched in April 2022. 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 South Holland District 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 South Holland District 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 establishment 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 3.10.
5. Cabinet authorises the Executive Board of ELDC to administer delivery of Green Homes Grants to South Holland residents.

REASONS FOR RECOMMENDATIONS

To enable officers to effectively manage the new programme.

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 Recent funding announcements by the Department for Business, Energy and Industrial Strategy have confirmed that following two bid submissions, funding of **£7,254,966** has been secured for the next phase of Green Homes Grants delivery – known as **Sustainable Warmth** – across the three Partnership Councils of South Holland, Boston and East Lindsey.
- 1.2 ELDC's Executive Board considered the operational arrangements and resourcing requirements at a meeting on 16 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 Green Homes Grants are administered by the Department for Business, Energy and Industrial Strategy (BEIS). South Holland District Council was successful under Local Authority Delivery (LAD) Phase 1b and Phase 2 of the scheme but the funding was for improving Council housing stock rather than the wider domestic sector.
- 2.2 East Lindsey District Council has been delivering private domestic retrofit of energy efficiency measures under Phase 1b and Phase 2. Boston Borough Council was successful under LAD Phase 2 in securing £468,700. East Lindsey District Council has previously

received £2.3 million of funding under LAD Phase 1b in March 2021 together with a further £1.3 million under LAD Phase 2 in April 2022.

- 2.3** The LAD1b and both LAD2 schemes have been administered by the Green Homes Grants team based at East Lindsey District Council and are currently progressing well.
- 2.4** The LAD schemes are established to provide energy efficiency improvements to domestic properties with an Energy Performance Certificate rating of E, F or G and some limited D-ratings. Grants of up to £10,000 per property are available for an owner-occupier and up to £5,000 for a landlord however the latter must also make a one-third contribution to the cost of works.
- 2.5** In August 2021, BEIS launched the so-called Sustainable Warmth competition and invited local authorities to bid for a third phase of LAD funding (LAD3) together with a new Home Upgrade Grant fund (HUG1).
- 2.6** The HUG1 grants will go beyond what LAD can deliver by providing additional funding of up to £25,000 per property. The grants are however targeted at off-gas grid properties and works should include a low carbon heating element to them where possible.
- 2.7** ELDC made two bids on behalf of the South and East Lincolnshire Councils Partnership – one directly to BEIS and one as part of a consortium of Councils across the East Midlands which was led by the Midlands Energy Hub (MEH). Across the three Councils, we have successfully secured funding of £7,254,966. Table 1 below outlines the breakdown of the funding and the approximate number of properties it will deliver in each local authority area:

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

	ELDC	BBC	SHDC	TOTAL
HUG 1 - BEIS				
Admin/ancillary costs	89,966			
Capital	240,000	475,000	125,000	840,000
Number of properties	10	20	5	35
HUG 1 - MEH				
Admin/ancillary costs	200,000	75,000	100,000	375,000
Capital	2,000,000	750,000	1,000,000	3,750,000
Number of properties	94	33	46	173
LAD 3 - MEH				
Admin/ancillary costs	100,000	50,000	50,000	200,000
Capital	1,000,000	500,000	500,000	2,000,000
Number of properties	100	50	50	200
TOTAL ADMIN/ANCILLARY	389,966	125,000	150,000	664,966
TOTAL CAPITAL	3,240,000	1,725,000	1,625,000	6,590,000

OVERALL TOTAL

7,254,966

3. RESOURCING AND OPERATIONAL ARRANGEMENTS

- 3.1. To build on the experience gained by the team in terms of Green Homes Grants delivery, and to streamline financial, processing and administrative processes, ELDC will act as the lead authority and accountable body for all of the funding across the three Partnership Councils.
- 3.2. Appropriate written agreements will be established, subject to legal advice, between East Lindsey District Council and South Holland District Council and East Lindsey District Council and Boston Borough Council to clearly set out the relationship and responsibilities of each party in delivering the Sustainable Warmth schemes with their areas and across the sub-region.
- 3.3. Green Homes Grants delivery is currently supported by two full-time officers who are employed on a two-year secondment from within ELDC. These are externally funded positions using the administration elements of the Phase 1b and Phase 2 LAD funding. Further support is provided by the Climate Change and Environment Manager and the two permanent Climate Change and Environment Team officers.
- 3.4. The caseload of the two core officers is extremely high with circa 350 active cases currently in progress. The current level of resourcing puts significant pressure on the small team to deliver and their efforts should be recognised in achieving what they have to date.
- 3.5. The resources required to deliver the Sustainable Warmth scheme across the S&ELCP are therefore to be expanded with recruitment underway for the positions as set out in Table 2. These roles will be employed by East Lindsey District Council as the lead authority and accountable body.

Table 2: Resourcing requirements for the Sustainable Warmth scheme

POSITION	CONTRACT LENGTH
NEC Project Manager	Permanent
Sustainable Housing Officer	Existing secondment until March 2024
Sustainable Housing Officer	Until March 2024
Sustainable Housing Support Officer	Existing secondment until March 2024
Sustainable Housing Support Officer	Until March 2024
Administration Assistant	Until March 2024

In terms of recruitment secondment opportunities will be explored initially before progressing to external recruitment.

- 3.6. One single team working across the Partnership Councils provides a more economic model than investing in separate teams because it streamlines the resourcing required and facilitates the use of the same IT system for processing grant claims which is a significant processing efficiency. This is also particularly relevant in terms of the project manager – a technical position that would be required by each Council were they to run their own

schemes. It also enables the administration to be run from one central point rather than each Council requiring its own officers to manage this process with their individual systems.

- 3.7.** BEIS has already indicated that the next funding phase of the Home Upgrade Grants will be opening early in 2022 and that the scheme is expected to exist until at least 2025. The Council has had to be reactive to funding opportunities for the last 12 months and by building more capacity and certainty into the team, this will enable a more prepared and thought out approach to be taken to future delivery and applications.
- 3.8.** In the unlikely event that Green Homes Grants funding was to suddenly be scrapped, as part of wider climate change initiatives, we would expect the team to position itself to take advantage of alternative opportunities as they arise to continue to ensure external funding is secured for other projects.
- 3.9.** It is proposed that the monitoring of Sustainable Warmth will be undertaken by the establishment of a Programme Board with representation from relevant portfolio holders across the three councils and Corporate Management Team via Assistant Director Regulatory. It is proposed that the Board is Chaired by the portfolio holder for carbon reduction at ELDC. Progress monitoring by the Board should be undertaken quarterly.
- 3.10.** In addition, monthly progress reports have to be submitted directly to BEIS and MEH by the Green Homes Grants Team.
- 3.11.** It is proposed that responsibility in respect of programme delivery is delegated to the Assistant Director Regulatory in consultation with the Chair of the Programme Board for all operational matters such as determination of applications for grant funding.

4. SCHEME CRITERIA

4.1. Eligibility:

The criteria for the scheme is set by BEIS. It based on the following:

- Properties must have an Energy Performance Certificate (EPC) rating of E, F or G. A limited number of applications will be taken from D-rated properties
- The household income threshold must not exceed more than £30,000 per year
- For Home Upgrade Grants, the property should also be classed as being off the gas network
- In the case of rented properties, eligibility is based on the income of the tenants and not the landlord

4.2. Funding:

- Under the LAD3 scheme, up to £10,000 per property is available for an owner-occupier and up to £5,000 for a landlord however the latter must make a one-third contribution to the cost of works themselves.
- Under the HUG1 scheme, where the starting heating source is a non mains gas fossil fuel, spend must not exceed £25,000 for properties with an EPC rating of F or G, £20,000 for an EPC rating of E and £15,000 for an EPC rating of D.
- Under the HUG1 scheme, where the starting heating source is electric, spend must not exceed £20,000 for properties with an EPC rating of F or G, £15,000 for an EPC rating of E and £10,000 for an EPC rating of D.

- Park homes are also eligible under HUG1 however the total spend must not exceed £15,000.
- Similar to LAD3, for tenanted properties, the landlord must make a one-third contribution to the cost of the works themselves.

4.3. 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 where they are, an application form will be completed. Batches of eligible properties will be passed on to the contractors for the scheme to undertake property surveys at which point evidence of income eligibility will be required with signed declarations required from the householder as part of fraud prevention measures. All documentation relating to the scheme will be handled using the Councils current Case Management System.

4.4. Marketing: The Green Homes Grants 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 through the development of case studies and promotional materials will also be sought within the marketing budget of the scheme.

5. CONCLUSION

5.1. The Sustainable Warmth programme marks a significant investment in domestic retrofit across the areas of South Holland, Boston and East Lindsey which is aimed at tackling fuel poverty through reducing utility costs as well as reducing carbon emissions through the lowering of property carbon footprints.

5.2. The programme must be complete by the delivery deadline of March 30, 2023 which presents a challenging timeframe for the scale of project we need to deliver. By building on the existing knowledge and experience of the current team and using grant funds to expand the resourcing of the team accordingly to the scale of this programme, we are confident that successful outcomes can be delivered for residents across our three districts.

EXPECTED BENEFITS TO THE PARTNERSHIP

Administering the Green Homes Grants programme across the three Councils areas with ELDC as the lead authority and accountable body will achieve economies of scale in terms of resourcing requirements and streamline the overall process through smoother financial, IT, processing 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 increasing the resourcing of the Green Homes Grants team using the Sustainable Warmth funds available.

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 Green Homes Grants 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 2024.

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. 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 (ELDC) or (if necessary) suitable officer delegations.

DATA PROTECTION

Data Sharing Agreements will be established between the Council and BEIS, MEH and the Contractors with support from the Data Protection Officer to prepare and assess. Sharing of personal data will be undertaken 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 16 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 there be any failure to deliver the programme by the March 2023 deadline and have to return funds back to BEIS and MEH.

CONTRACTS

ELDC will need to enter into a contract with an approved supplier(s) to deliver the works. Procurement has been underway since mid-December and we are now moving to the contract stage.

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 Green Homes Grants 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 WELL BEING

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.	
Living Standards	The Sustainable Warmth programme aims to tackle fuel poverty by targeting those on the lowest incomes, living in the least energy efficient properties. This project will support improved living standards by better insulating homes making them warmer and reducing utility costs.
Research and Development	None
Transport Infrastructure	None
Digital Connectivity	None
Education	None

Skills	As part of the social value aspects of the contract, we will be maximising opportunities to provide work experience and skills training for people within the local area – both in terms of encouraging career opportunities within the retrofit arena for young people through education and training but also through the upskilling and retraining of those in other more carbon intensive industries.
Health	The links between fuel poverty and health outcomes are well known, with cold and damp homes contributing to a number of health issues. This project is targeted at the lowest income households, many of which may be living in fuel poverty, therefore helping to address these challenges.
Wellbeing	Fuel poverty is also linked to wellbeing so again this project will hopefully help both mental and physical wellbeing through improving living standards and reducing expenditure on household bills.
Pride in Place	None.
Housing	The Sustainable Warmth programme will provide funding to landlords (subject to their contribution) to improve the EPC rating of properties. While they are currently required to be at EPC E rating – this is set to rise to a C by 2030 and therefore the scheme will hopefully encourage and support landlords to improve the energy efficiency of their properties, therefore raising living standards for tenants.
Crime	None.
Local Leadership	None.

ACRONYMS

BEIS – Department for Business, Energy and Industrial Strategy

MEH – Midlands Energy Hub

S&ELCP – South and East Lincolnshire Councils Partnership

LAD – Local Authority Delivery

HUG – Home Upgrade Grant

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

A report on this item has not been previously considered by a Council body.

REPORT APPROVAL

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Approved for publication:	Lord Porter of Spalding
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