

CABINET

DATE	16/11/2022
REPORT OF	Councillor Philip Jackson, Leader & Portfolio Holder, Economy Net Zero Skills and Housing.
RESPONSIBLE OFFICER	Sharon Wroot Executive Director Environment Economy and Resources
SUBJECT	Home Upgrade Grant Phase 2 – Funding through the Midlands Energy Hub
STATUS	Open
FORWARD PLAN REF NO.	Not included on the Forward Plan and will therefore be considered under the Special Urgency rules of the Constitution and with the permission of the Economy Scrutiny Chair.

CONTRIBUTION TO OUR AIMS

The recommendations in this report will contribute towards building a stronger economy and a stronger community. The report supports the Council's commitment to "Climate Local" by driving down carbon emissions, whilst providing warmer homes, reducing fuel poverty, and enabling residents to enjoy improved health and wellbeing.

The recommendations also contribute to delivering two of the Council's strategic outcomes;

- All people in NEL feel safe and are safe
- All people in NEL enjoy good health and wellbeing

EXECUTIVE SUMMARY

The Midlands Net Zero Hub (MNZH) are planning to submit a regional bid for the Home Upgrade Grant Phase 2 to access funding which will run from the financial years 2023 to 2024 and 2024 to 2025. MNZH have calculated indicative total allocations for each Local Authority (LA) in the Midlands (over 2 years) based on a regional bid up to £140m.

This report seeks Cabinet approval to support the regional bid and if successful accept funding from MNZH. The indicative grant funding for NEL of £1,050,500 will be prioritised and used to improve energy efficiency in approximately 50 homes, for those residents, who currently live-in fuel poverty in properties off the gas network and experience lower household incomes. Improvement works to the properties may be targeted at low carbon and insulation measures. The proposal supports the Council's Climate Local ambitions.

RECOMMENDATIONS

It is recommended that Cabinet:

1. Authorises the Executive Director for Environment, Economy and Resources in consultation with The Leader of the Council to accept the grant funding on behalf of the Council, should the bid be successful
2. Delegates to the Executive Director for Environment, Economy and Resources in consultation with the Leader of the Council, the authority to deal with all matters arising from and ancillary to the above including negotiation with the funder, procurement formalities, award and implementation of resultant contracts and works.
3. Delegates to the Assistant Director Law and Governance (Monitoring Officer) the responsibility to complete and execute all documentation arising.

REASONS FOR DECISION

To support the bid application and accept the funding if MNZH are successful with the funding bid. This will assist households over the next two years who are currently living in fuel poverty off the gas network.

1. BACKGROUND AND ISSUES

- 1.1 North East Lincolnshire Council (NELC) were awarded funding as part of the sustainable warmth competition through Midlands Net Zero Hub in 2022. This comprised of £231,000.00 (Capital £210k and Admin £21k) as part of the Home Upgrade Grant: Phase 1 (HUG1) and £785,0000 (Capital) and £78,500 (Admin) which has to be delivered by 31st March 2023
- 1.2 The Home Upgrade Grant: Phase 2 (HUG2) is a Government scheme which awards grants to Local Authorities (LA's) for energy efficiency and clean heating upgrades for owner occupiers and private rented sector, fuel-poor homes off the gas network.
- 1.3 MNZH have calculated indicative total allocations for each LA's in the Midlands (over 2 years) based on a regional bid up to £140m.
- 1.4 The scheme aims to improve as many fuel-poor homes with energy efficiency rating band D,E,F and G as reasonably practicable to band C, by 2030 and to progress the UK's target to reach net zero by 2050 by supporting the phasing out of off-gas grid fossil fuels and transition to low-carbon heating systems.
- 1.5 Each LA have been advised of their indicative capital allocation from the regional sum before submission to ensure the scheme is deliverable, particularly where LA's are considering their own separate submission. The allocation is calculated to reflect the number and proportion of EPC Band D, E, F, G and off-gas properties within a Local Authority, following the same process for LAD2 and SWC(LAD3/HUG1).

- 1.6 The indicative allocation for North East Lincolnshire is £1,050,500. This comprises of Capital Costs of £955,000 and Administration Costs of £95,500.
- 1.7 Qualifying residents must have a combined gross annual household income of no more than £31,000. Household income must be verified – either through income verification, or other income proxies e.g. means-tested benefits, or low-income council tax reductions; or be located in an eligible area.
- 1.8 A new area-based eligibility route has been introduced for HUG2, using income deprivation data drawn from the Indices of Multiple Deprivation (IMD) 2019. Households living in the most economically deprived neighbourhoods (income deciles 1- 3) will be automatically eligible for upgrades, provided they live in off-gas grid properties and rated EPC band D or below
- 1.9 Procurement – It is intended to either reprocure or use the existing MNZH DPS framework. Full consultation will be taken with the Council's Legal and Procurement teams on the preferred route.

2 RISKS AND OPPORTUNITIES

- 2.1 Accepting the funding will provide the Council with a wider range of options to tackle poorly insulated properties and reduce CO2 emissions within the Borough.
- 2.2 Residents will be supported to ensure a 'whole house' approach is taken, reviewing all energy efficient improvements, ensuring residents maximise their income and address any fuel debt.
- 2.3 If insufficient residents/landlords sign up for the scheme there is the opportunity to work with the funders to agree how the Authority will spend any unspent Grant funding in line with the expected outcomes. If this cannot be achieved the Authority will repay any unspent Grant funding.

3. OTHER OPTIONS CONSIDERED

- 3.1 **Do Nothing** – To do nothing would mean that the Council will depend on existing funded schemes, which do not include a wide range of energy efficiency improvements.
- 3.2 **Use North East Lincolnshire Council Funding** - NELC could use capital funding to external insulation, to support regeneration and provide a 'whole house' approach to delivering energy efficiency. Due to limited funding available and this schemes criteria would not qualify under the existing housing assistance policy.
- 3.3 **Accept the Funding** If successful with the bid. This is the preferred option, delivering the scheme outlined in the report as other funded schemes, do not provide the same level of support for low-income families off the gas network.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

- 4.1 Accepting the grant funding will generate positive reputational and communication benefits for the Council, as it will support 50 households in fuel poverty and reduce CO2 emissions.
- 4.2 A communication plan will be in place to ensure residents and landlords are aware of the scheme and furthermore will be supported throughout the project. The scheme provides a positive message to support improving the external appearance of properties in some of our most deprived streets.

5. FINANCIAL CONSIDERATIONS

To achieve the proposed energy efficiency improvements within the Borough, by securing £1,050,500 grant funding. No match funding is required by the Council.

6 CHILDREN AND YOUNG PEOPLE IMPLICATIONS

This proposal will have a positive impact on children and young people as it allows them to reside in a home which is warm.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

This proposal will make an overall positive contribution to the Council's published commitments on climate change and the environment by reducing CO2 in the Borough and supporting the delivery of a low carbon future for North East Lincolnshire.

8. CONSULTATION WITH SCRUTINY

There has been no consultation with Scrutiny.

9. FINANCIAL IMPLICATIONS

The recommendation to accept the grant funding would generate additional funding for the Council to deliver its objectives without the need for match funding. Whilst the Council is the accountable body, the receipt of the funding does not bring any significant financial risk.

10. LEGAL IMPLICATIONS

- 10.1 Immediate legal implications arising will be around the terms and conditions of external grant funding and the completion of funding agreements and ancillary documentation. Legal Services will support this process, ensuring the interests of the Council are protected.
- 10.2 As individual projects arise throughout the delivery phase Legal Services will continue to support colleagues.
- 10.3 The delegations sought are appropriate to an exercise of this nature

11. HUMAN RESOURCES IMPLICATIONS

There are no direct HR implications

12. WARD IMPLICATIONS

The policy will affect properties off the gas network in North East Lincolnshire.

13. BACKGROUND PAPERS

None

14. CONTACT OFFICER(S)

Sharon Wroot - Executive Director for Environment, Economy and Resources
(Tel: 01472 324423)

Mark Nearney - Assistant Director for Housing Highways Transportation,
Planning and Estates (Tel: 01472 324122)

Paul Thorpe – Operations Director Equans (Tel: 01472 324483)

Councillor Philip Jackson

Leader and Portfolio Holder, Economy Net Zero Skills and Housing