

The North Yorkshire Council

29 November 2024

Corporate Director Resources in consultation with the Executive Member for Finance, Executive Member for Culture, Arts & Housing

Expression of interest to the Warm Homes: Local Grant

Report of the Corporate Director Community Development

1.0 Purpose of Report

- 1.1 To request approval from the Corporate Director Resources in consultation with the Executive Member for Finance and the Executive Member for Culture, Arts & Housing to authorise the submission of an expression of interest for external grant funding of up to £9.5m per annum for a maximum of 3 years from The Warm Homes: Local Grant; which would be used to support the delivery of energy efficiency related measures, reduce fuel poverty, and reduce carbon emissions in support of our net zero target.

2.0 Background

- 2.1 In its manifesto, the Government committed to a Warm Homes Plan to upgrade five million homes over the next five years to cut bills for families and deliver warmer homes to slash fuel poverty.
- 2.2 As a key part of the Warm Homes Plan, the Government has committed to partnering with combined authorities, local and devolved governments to deliver insulation measures and other improvements such as solar panels, batteries and low carbon heating to cut bills for families, slash fuel poverty, and reduce carbon emissions in support of our net zero 2050 target.

3.0 Issues

- 3.1 North Yorkshire have declared a climate emergency. Emissions from domestic properties are one of the highest emitting sectors – 19% of all emissions.
- 3.2 The Warm Homes: Local Fund (WHLG) will provide grants for energy performance upgrades and low carbon heating to low-income households living in the worst quality, privately owned homes
- 3.3 The WHLG will use an expression of interest model (EoI) to allocate funding to local authorities (LAs). All eligible local authorities in England who complete an EoI form will be allocated funding to some degree. Based on lessons learnt from previous LA delivered fuel poverty schemes, Department for Energy

Security & Net Zero (DESNZ) will be anchoring funding allocations to previous delivery to ensure that the funding allocations are deliverable. The EoI window is now open on and will close on the 1 December 2024. The scheme is due to start delivery from April 2025 and run for 3-5 years. This will be confirmed following the multi-year Spending Review.

- 3.4 The Council has a history of delivering energy performance measures through a range of government funded initiatives such as Local Authority Delivery (LAD) and Home Upgrade Grants (HUG). The most recent initiative the HUG2 has been running since April 2023 and is due to complete by the end of March 2025. The Council has been one of highest performing councils in the delivery of this grant and has to date carried out measures to 231 Households with a total spend IRO £4.4m.
- 3.5 Each LA will be asked to show their best 6 months on previous delivery schemes such as LAD or HUG. This information will be used as a basis for checking that the allocated funding is deliverable based on previous performance. DESNZ will scale all funding requests to meet the overall funding allocation for each financial year.
- 3.6 Eligible LAs that have completed an EoI form by the deadline, will be sent documentation including a Memorandum of Understanding (MoU) which will set out the funding allocation on offer. This is expected to be issued in winter 2024/25 and LAs will have up to 4 weeks to sign and return them. The mobilisation period will begin once the MoU is returned. With delivery expected to begin April 2025.

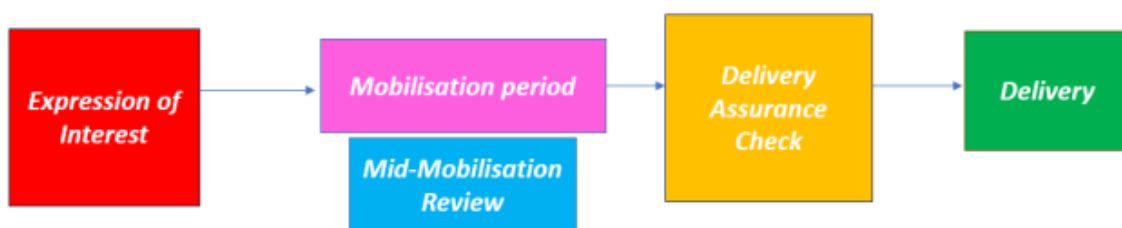
4.0 Proposed Expression of Interest

- 4.1 The Expression of Interest (EoI) will be based on the most successful six months of our HUG2 project, during which we completed 180 installations. To account for the on-gas element, we have adjusted our target accordingly. Previously, pre-Local Government Reorganisation (LGR), on-gas schemes were delivered by two consortiums: one led by North Yorkshire County Council (NYCC) with Scarborough, Ryedale, and Hambleton, and the other led by York City Council for the remainder of the county. The NYCC-led consortium successfully completed 266 installations in six months. Considering this, we believe a maximum annual target of 540 installations (45 homes per month) is achievable.
- 4.2 This would result in the Council receiving up to £8.2 million each year to deliver the capital works, plus up to an additional £1.3 million for Administration & Ancillary (A&A) costs to support delivery. The total maximum grant would therefore be £9.5 million per year for the next 3 years.
- 4.3 During the mobilisation period, LAs should set up their projects for delivery. This includes resourcing internal teams, procuring delivery partners and installers, resourcing a retrofit team, commencing the search for eligible households, and conducting retrofit assessments to prepare households for retrofits. Following

the success of our HUG2 project, we already have a list of eligible residents, giving us an advantage in terms of early delivery.

- 4.4 The delivery of these types of projects can be complex and will require a suitably resourced project team. Within the Housing Service, our Healthy and Sustainable Homes team, which has significant experience delivering past initiatives such as LAD and HUG, will lead the project with support from our Climate Change Business Partner. In addition to project oversight, the team will handle customer liaison, organize events, and our energy advisors will assist with gathering eligibility evidence for our most vulnerable residents. They will also offer support with switching energy suppliers, resolving supplier issues and aftercare advice/support with the effective use of air source heat pumps and solar panels.
- 4.5 Align Property Services have successfully supported the Healthy and Sustainable Homes team with the delivery of the current HUG2 scheme and worked previously to support our consortiums with several other energy efficiency initiatives. They are currently setting up a framework to speed up and simplify the procurement process while ensuring a compliant route to market. Align will also provide the necessary technical expertise, offering services such as retrofit surveys, contractor management, and supply chain strengthening.
- 4.6 It will also be necessary to assign a project manager, finance support for monitoring and payment of accounts, and business support to carry out eligibility checks.
- 4.7 A successful communications campaign will be key to the project. To effectively target our residents, we will need to use data intelligence for targeted marketing. Support will be required from various specialisms, including press and publications, and digital and design. While most of the contact is anticipated to be via a web-based form, there may be an increase in calls to our customer contact centre following targeted marketing activities. A suitable database will need to be in place to provide case management.
- 4.8 Strong links with our planning teams, including colleagues at North York Moors National Park, will be essential to provide advice and support regarding permitted development and full planning requirements.
- 4.9 DESNZ is providing a free technical assistance facility for LAs interested in participating in the Warm Homes: Local Grant, called Retrofit Information, Support and Expertise (RISE), which we will be leveraging to our advantage.
- 5.0 **Financial Implications**
- 5.1 There will be no pass or fail assessment in the Allocation EoI stage. This means that all eligible LAs that complete an EoI form by the deadline will receive some level of funding. No match funding is required by the Council and there is no call on the Council's budget, other than staff time.

- 5.2 LAs will receive an upfront payment at the start of each financial year of the Grant, consisting of up to 20% of the Grant allocation for that year. This upfront payment includes the 15% Administration & Ancillary (A&A) allocation for that financial year, with the remaining 5% allocated for capital funding. Before the payment is made, LAs will be contacted to confirm their requirement for the full upfront payment. Administration & Ancillary (A&A) refers to the use of the Grant to fund administrative costs and ancillary works to support the delivery of eligible homes under the Warm Homes: Local Grant. A cost categorisation table will be provided in the Mobilisation and Delivery Guidance. The Council will not be required to contribute to the project.



- 5.3 During the delivery stage, funding will primarily be drawn down in batches as needed to upgrade homes that are 'ready to retrofit' (signed up, validated, and assessed in line with PAS 2035). Detailed guidance on the mobilisation and delivery stages is expected to be published in February 2025.

6.0 Legal Implications

- 6.1 Eligible Local Authorities (LAs) that complete an EoI form by the deadline will receive documentation, including a Memorandum of Understanding (MoU), which will outline the funding allocation on offer. This is expected to be issued in winter 2024/25, and LAs will have up to 4 weeks to sign and return the MoU. The MoU and any other legal documentation will be reviewed by Legal Services and if any of the terms and conditions present an unacceptable risk for the Council then the grant offer would be declined.

7.0 Equalities Implications

- 7.1 An Equalities Impact Assessment screening has been undertaken, see Appendix A. There are no specific equality implications to report. The WHLG will provide grants for energy performance upgrades and low carbon heating to low-income households living in the worst quality, in the private sector.

8.0 Climate Change Implications

- 8.1 The proposed project will contribute to the reduction in the Council's carbon emissions by providing energy performance upgrades. This will include all fuel types, including on gas households (those heated by mains gas), and off gas households (those heated by for example electricity, oil, coal, or liquid

petroleum gas). Based on the current HUG2 project it is anticipated that direct carbon savings from this project is estimated to be 2.97 T/CO₂e per household. The exact carbon savings per year will be available following installation. On average households receiving measures under the scheme are expected to save an average IRO £750 per annum. A climate change impact assessment has been completed, see Appendix B.

9.0 Reasons for Recommendation

- 9.1 The grant funding will provide the Council with the opportunity to support some of our most vulnerable families by helping them occupy warmer homes with reduced energy bills, while also reducing carbon emissions in support of our net zero target.

10.0 Recommendation

- 10.1 That the Corporate Director Resources in consultation with the Executive Member for Finance and the Executive Member for Culture, Arts and Housing authorises the submission of an expression of interest for external grant funding of up to £9.5m per annum for a maximum of 3 years from the Warm Homes: Local Grant.

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Background Documents: None

Appendix A: Equalities Impact Assessment
Appendix B: Climate Impact Assessment