



**OPEN REPORT
COMMUNITY AND ENVIRONMENT COMMITTEE**

Community and Environment Committee – 13th July 2023

HOME UPGRADE GRANT (HUG) 2 FUNDING

Report of Director of Regulatory Services

Report Author and Contact Details

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Wards Affected

District-wide

Report Summary

The report makes a recommendation to accept the offer of £1,897,500 of HUG2 grant funding to improve the energy efficiency of off gas private housing across the district where residents are in fuel poverty.

Recommendation

That Council be requested to agree the decision to accept HUG2 funding of £1,897,500.

List of Appendices

None

Background Papers

None

Consideration of report by Council or other committee

None

Council Approval Required

Yes

Exempt from Press or Public

No

Home Upgrade Grant (HUG) 2 Funding

1. Background

- 1.1 This latest round of funding builds on previous Local Authority Delivery (LAD) and HUG schemes through which the Council has improved the energy efficiency of over 250 homes, across all tenures, where residents were in fuel poverty since the original pilot project in 2019.
- 1.2 To date the Council has delivered the following:
 - Pilot Hurst Farm scheme – 11 homes
 - LAD1A (£760k plus partner contributions) – 120 homes
 - LAD2 (£626k plus partner contributions) – 70 homes
 - SWC (HUG1/LAD3) (£907k) – 65 homes (to complete by September 2023).
- 1.3 The schemes will reduce emissions from homes across the district by an estimated 290 tonnes of carbon each year.
- 1.4 The schemes enable fully funded energy efficiency measures such as insulation, solar panels and low carbon heating to be installed in homes with the poorest EPC ratings (D or below) where residents are on a low income.
- 1.5 The Council manages the installation of the measures through its own contractors and provides support to the resident, latterly via a partnership with the fuel poverty charity Marches Energy Agency, throughout the process.
- 1.6 The schemes have the dual benefit of reducing district wide emissions and improving quality of living for residents. Feedback from residents has been generally very positive.
- 1.7 The HUG2 scheme has two key objectives:
 - To deliver progress towards the statutory fuel poverty target for England, by improving as many fuel-poor homes as reasonably practicable to a minimum energy efficiency rating of Band C by 2030, with the interim milestone of Band D by 2025.
 - To enable the delivery of the wider Net Zero programme to phase out high-carbon heating for homes off the mains gas grid, by growing supply chains and ensuring such policies do not act to the detriment of fuel-poor households.
- 1.8 HUG2 is specifically targeted at owner occupied and private rented sector fuel-poor homes off the gas grid.
- 1.9 Where data is available, residents that may meet the key criteria of the scheme will be contacted and asked to apply for the scheme. There will also be a programme of promotion to encourage applications from any resident who thinks they may meet the criteria. All applications will be made

through Marches Energy Agency in the first instance, who can provide support where residents are not eligible

2. Key Issues

2.1 As part of a Midlands Net Zero Hub led consortium bid (administered through Nottingham City Council) the Council has been awarded:

Year 1 (2023/24) - £690,000 (target 38 homes)

Year 2 (2024/25) - £1,035,000 (target 58 homes)

2.2 In addition, 10% of the above funding can be claimed for administrative and ancillary costs, acknowledging that Councils will have ongoing costs to administer and evaluate projects and to enable the funding to be capitalised. This funding will be received upfront at the beginning of each delivery year along with a capital deposit payment.

2.3 The remaining forecasted funding can be claimed in portions over the course of the delivery window each time a batch application – a group of homes that are ready for installation - is approved.

3. Options Considered and Recommended Proposal

3.1 The recommendation is to accept the grant offer. The alternative option considered was to decline the offer. This option was rejected. Without the availability of grant funding the Council has limited means to support residents in fuel poverty. Declining the grant offer could lead to reputational issues where such grant funding is available in neighbouring authorities.

4. Consultation

4.1 None

5. Timetable for Implementation

5.1 Grant Offer Letters sent to Lead Authorities – early May 2023.

5.2 Grant funded works delivered to March 2024 (year 1 funding) and March 2025 (year 2 funding).

6. Policy Implications

6.1 The Corporate Plan 2020-24 identified climate change as a key strategic priority under the theme 'Place - keeping the Derbyshire Dales clean green & safe'. The delivery of this scheme also accords with the strategic vision and priorities of the Vision Derbyshire Climate Change Strategy 'Decarbonising Derbyshire's Housing'.

7. Financial and Resource Implications

7.1 The most recent fuel poverty schemes have been led and delivered by the Climate Change Project Officer. The targeting, resident engagement, management of contractors and the required reporting is very time consuming and requires significant resource. As such it is proposed that

the Climate Change Project Officer leads on the delivery of HUG2 but with dedicated support through the creation of a new role.

- 7.2 The Director of Regulatory Services will continue to provide oversight of the scheme.
- 7.3 In order to ensure that the Council can effectively support the scheme alongside other priorities, a ‘Customer Journey Support’ partner will be used – as per the delivery model in HUG1. The partner, Marches Energy Agency, has been procured and will be funded via the Midlands Net Zero Hub using a portion of the grant funding. They will be responsible for resident engagement on behalf of the Council, eligibility checking (of both property and resident) and post install support. All communication will take place jointly, with Council having approval of all formal external communication.
- 7.4 The existing contract for installation of measures has been extended – this is with Broad Oak Properties who have been the delivery partner on HUG1.
- 7.5 Ongoing support will be required from planning officers, where properties fall within the district Council planning area. This is in the form of the provision of free pre application advice i.e., whether measures such as solar panels and heat pumps can be installed under permitted development rights or whether planning applications are required.
- 7.6 The grant offer and associated documentation was received on 2 May 2023. If the Council wished to accept the grant offer, it had to be assessed and signed off by the Section 151 Officer (Director of Resources) by 31 May 2023. As there were no relevant committee or Council meetings within this timeframe, the grant offer was signed by the Director of Resources following a discussion at a Corporate Leadership Team meeting. This report seeks approval from this Committee to request Council to agree the decision to accept HUG2 funding of £1,897,500. This will be used to finance associated expenditure to be included in the capital programme.
- 7.7 As the grant offer has only recently been received, the associated expenditure has not yet been included in the approved capital programme. Elsewhere on the agenda for this meeting is a report that seeks the Committee’s approval for 13 new bids for capital projects to be referred to Council for inclusion in the District Council’s Capital Programme. The expenditure that will be funded by this HUG 2 grant has been included within that report as follows:

Year	Expenditure	Notes
2023/24	£759,000	£690,000 for works and £69,000 for administrative and ancillary costs
2024/25	£1,138,500	£1,035,000 for works and £103,500 for administrative and ancillary costs
Total	£1,897,500	

- 7.8 Financial risks have increased at this time of rapidly increasing inflation. Experience from previous energy efficiency schemes and working with a known partner should help to mitigate financial risks. The partner, Marches Energy Agency, has been procured and will be funded via the Midlands Net

Zero Hub using a portion of the grant funding. This in turn should minimise the risk of overspend. In addition, officers will monitor spending closely against the grant allocation. However, the risk of overspend cannot be eliminated and, therefore, the financial risk is assessed as 'medium'.

8. Legal Advice and Implications

- 8.1 As stated, this report makes a recommendation for the Council to accept the offer of £1,897,500 of HUG2 grant funding to improve the energy efficiency of off gas private housing across the district where residents are in fuel poverty
- 8.2 There are two recommended decisions for the Council take in connection with this report, one is to ratify a decision and the second is to ensure required amounts are added to the relevant capital program.
- 8.3 Therefore, the legal risk associated with the recommendations as drafted has been assessed as low.
- 8.4 Advice has been sought from the Data Protection Officer and a DPIA completed. Relevant DSAs will be in place where data is shared between the partner organisations

9. Equalities Implications

- 9.1 There are no equality implications for this proposal

10. Climate Change Implications

- 10.1 The average home emits 6t of CO2e a year. Homes that are off gas typically have higher emissions associated with their use of high carbon heating such as oil, LPG or solid fuel. Improving the energy efficiency of homes, and in particular supporting the transition to low carbon heating, therefore has clear district wide emissions reductions benefits

11. Risk Management

- 11.1 A specific risk register has been developed for the delivery of this scheme identifying relevant risks

Report Authorisation

Approvals obtained from Statutory Officers:-

	Named Officer	Date
Director of Regulatory Services	Tim Braund	05/07/23
Director of Resources/ S.151 Officer (or Financial Services Manager)	Karen Henriksen	28/06/2023
Monitoring Officer (or Legal Services Manager)	Kerry France	27/06/2023

