

READING BOROUGH COUNCIL

REPORT BY EXECUTIVE DIRECTOR FOR ECONOMIC GROWTH & NEIGHBOURHOOD SERVICES

TO:	HOUSING, NEIGHBOURHOODS & LEISURE COMMITTEE		
DATE:	9 November 2022		
TITLE:	Sustainable Warmth Funding		
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SERVICE:	HOUSING & COMMUNITIES	WARDS:	ALL
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1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 In March 2022 Housing Neighbourhoods and Leisure Committee endorsed the Local Carbon Housing Action Plans for the Council's Housing Stock and Private Sector Housing. The action plans had a commitment to promote opportunities for households in Reading to access Government Grants.
- 1.2 The Sustainable Warmth (SW) competition was launched in June 2021 to bring together two fuel poverty schemes, Local Authority Delivery Phase 3 (LAD 3) and Home Upgrade Grant Phase 1 (HUG) into a single funding opportunity for Local Authorities (LAs). Reading Borough Council applied for Sustainable Warmth (SW) funding as part of a consortium bid to the Department for Business, Energy and Industrial Strategy ("BEIS") The consortium was made up of over 66 Local Authorities generally located in South East England.
- 1.3 The consortium was successful in their bid and was awarded approximately £84m for Local Authority Delivery round 3 (LAD 3) funding and £34m for Home Upgrade Grant (HUG) funding. Cambridge and Peterborough Combined Authority (CPCA) were designated the Lead Authority for the bid.
- 1.4 The outcome of the bid will enable low income households in Reading living within the private sector to access up to £1.7m (LAD £1.16m and HUG £0.54m), to tackle fuel poverty by improving the energy efficiency of their homes.
- 1.5 The eligibility requirements for this funding are set by BEIS. LAD 3 and HUG funding is available to eligible privately owned homes that have an Energy Performance Certificate (EPC) rating of D or below and its residents have a combined household annual income of less than £30,000 gross (before tax or any other deductions) or under £20,000 after rent or mortgage costs or are on certain means tested benefits.
- 1.6 Cambridge and Peterborough Combined Authority (CPCA) have engaged Greater South East Net Zero Hub (GSENZH) to manage the scheme and have been appointed by BEIS as the Accountable Body for the delivery of Sustainable Warmth implementation

measures and will provide grant funding, project management and support to Reading residents.

- 1.7 The GSENHZ have assigned City Energy as the provider to carry out the retrofit works for Reading.

2. RECOMMENDED ACTION

- 2.1 That Housing, Neighbourhoods and Leisure Committee note and endorse the approach the Council is taking to work with partners to utilise the Sustainable Warmth funding of £1.7m provided by BEIS through the Greater South East Net Zero Hub (GSENHZ) for the installation of energy saving measures in low income homes in the Reading area.

3. POLICY CONTEXT

- 3.1 With domestic emissions accounting for almost 40% of Reading's total carbon footprint, reducing emissions from the housing sector has been identified as a key strategic priority in meeting both national and local 'net zero' ambitions. The Reading Climate Emergency Strategy 2020-25 (endorsed by Policy Committee in November 2020) commits to the goal of a 'net zero Reading by 2030' and identifies housing retrofit as a key priority. RBC's Housing Strategy 2020-25, (endorsed by Policy Committee in September 2020) underpinned with Low Carbon Housing Action Plans aligns with the Climate Emergency Strategy.
- 3.2 RBC is leading by example with high standards in its own new housing designs. RBC also recognises that refurbishment rather than replacement of existing, good quality homes provides an opportunity to make vast savings in terms of embodied carbon associated with new construction materials and will have less impact on our tenants. RBC encourages a fabric first approach which involves improving the insulation of properties to reduce the amount of energy required to heat the home.
- 3.3 RBC are working on a number of refurbishment projects across its housing stock, where it is viable to improve the buildings fabric to meet and exceed modern standards. The proposed refurbishments of the existing homes is intended to address resource efficiency, environmental protection and to facilitate and encourage sustainable behaviours for residents.
- 3.4 The Council's climate emergency declaration highlighted the need to access support and resources from Government to deliver and accelerate progress towards the net zero ambition.
- 3.5 As part of the Summer Economic Statement 2020, the Chancellor announced £500m for Local Authority Delivery (LAD) as part of the 'Green Home Grants' economic stimulus to build a green recovery in response to the economic impacts of Covid-19.
- 3.6 RBC presented the "External Funding Applications for Low Carbon Investment" report to Policy Committee in January 2021. This was to inform Members of funding applications being prepared and submitted in pursuit of funding opportunities which will help deliver the Council's policy commitments in relation to climate change and to seek approval to spend grant funding should the applications be successful. This report includes the Green Homes Grant LAD Scheme (housing retrofit) made available by BEIS

- 3.7 In March 2021, the Government announced that a further £200m would be made available for an extension to the LAD scheme in 2021-22, with all delivery completed by 31 March 2023.
- 3.8 RBC was awarded £250,000 as part of the previous LAD 1b round of funding to help increase the energy efficiency of low income fuel poor households in the borough. The scheme allowed for grants to be used to improve the insulation of both social properties as well as private properties. By targeting properties that had low Energy Performance Certificates that were also in receipt of Council Tax Reduction we were able to quickly sign up households that were in desperate need of improved insulation. We installed a mix of measures including external and cavity wall insulation, loft insulation and double glazing all of which helped us to improve the energy performance of the properties. In total we carried out work on 28 properties (11 social & 17 private) installing 40 measures. The scheme has been successful with the whole budget being spent improving the energy efficiency of homes for some of the most vulnerable residents in the borough. Residents who have benefitted from these measures have commented on how pleased they are with the work undertaken to make their homes more energy efficient.
- 3.9 The Sustainable Warmth (SW) competition was launched in June 2021 to bring together two fuel poverty schemes, Local Authority Delivery Phase 3 (LAD 3) and Home Upgrade Grant Phase 1 (HUG) into a single funding opportunity for Local Authorities (LAs). Both schemes aim to support low-income households in England, living in energy inefficient homes by installing energy efficiency and low carbon heating upgrades with a delivery timeframe to March 2023.
- 3.10 Reading Borough Council applied for Sustainable Warmth funding as part of a consortium bid to BEIS which was managed by Cambridge and Peterborough Combined Authority (CPCA). The consortium was made of 66 Local Authorities generally located in South East England. The consortium was successful in their bid and was awarded approximately £84m for LAD 3 funding and £34m for HUG funding.
- 3.11 Reading was awarded a proportion of the funding received by the consortium bid which for Reading residents is up to £1.16m for LAD 3 and up to £0.54m for HUG.
- 3.12 The eligibility requirements for this funding are set by BEIS. LAD 3 and HUG funding is available to eligible privately owned housing that have an Energy Performance Certificate (EPC) rating of D or below and its residents have a combined household annual income less than £30,000 gross (before tax or any other deductions) or under £20,000 after rent or mortgage costs or are on certain means tested benefits.
- 3.13 LAD 3 funding is associated to properties heated by gas, and HUG for properties heated by other fuels such as electricity or oil (off gas).
- 3.14 For gas heated homes, under the LAD 3 funding, owner occupiers can be eligible for an average of £10,000 to help pay for the cost of installing insulation upgrades, low carbon heating or renewables. In order for privately rented properties to qualify the tenant must meet the income eligibility and the landlord will need to contribute one third towards the total costs. The maximum funding privately rented properties can receive is £5,000.
- 3.15 For HUG (homes not heated by gas), the value of funding a property can receive is between £10,000 and £25,000 and is based on the properties EPC rating and the heating fuel type. For private rented properties, the landlord will be required to fund at least one third of the total cost of upgrades. The maximum funding privately rented properties can receive is £13,333 for electrically heated homes and £16,666 for homes heated by alternative fuels such as oil, LPG or coal.

- 3.16 Cambridge and Peterborough Combined Authority (CPCA) who host the Greater South East Net Zero Hub (GSENZH) are managing the scheme and have been appointed by The Department for Business, Energy and Industrial Strategy (“BEIS”) as the Accountable Body for the delivery of Sustainable Warmth implementation measures and will provide grant funding, project management and support to Reading residents.
- 3.17 The GSENZH have assigned City Energy as the provider to carry out the retrofit works for Reading. City Energy were appointed by GSENZH through the North West Procure Plus framework.
- 3.18 The funding allocation is secured for RBC residents only. If there is an oversubscription to the scheme RBC can work with GSENZH to apply for additional funding if there is supply chain delivery availability. Works will only be allocated to those properties that will meet 31 March deadline.
- 3.19 RBC shall also receive an additional 1% of the total funding allocated to RBC from GSENZH to assist in the delivery of the Sustainable Warmth measures. This is referred to as a Capacity & Capability Grant in the IAA. It is envisaged that this funding is to be used to finance targeted mailouts, flyers and a social media campaign as well as administration costs.

4. CURRENT POSITION

- 4.1 To ensure that Reading residents are able to maximise the benefit of the grant funding available, RBC will promote awareness of the scheme through various communication methods and will also provide a direct targeting approach to eligible RBC residents. Eligible homeowners who wish to apply for funding will be directed to register their interest on a dedicated webpage or phone number operated by City Energy. City Energy will assess the eligibility of the applicant and arrange for a survey of the property to confirm its existing EPC rating and identify viable energy saving initiatives that are included within the funding. This information will be provided back to the homeowner, and once the agreed work is completed, the GSENZH will pay City Energy for the work completed.
- 4.2 GSENZH and City Energy will provide monthly meetings and reports to RBC updating on the progress of the scheme including information on the number of applicants and their addresses, number of successful applicants, initiatives included in each dwelling, and the total funding spent.
- 4.3 Works will only be allocated to those properties that will meet 31 March deadline. RBC and the GSENZH will review properties that are not processed within the funding timescale and will work to identify other rounds of funding that may become available such as HUG 2 or ECO 4 (another scheme called Energy Company Obligation).
- 4.4 The GSENZH will seek to resolve any matters of complaints, which in the first instance will need to come into their Sustainable Warmth email address. City Energy will also have a complaints procedure in place

5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The recommendations in this report align with corporate aims as follows:
 - Healthy Environment: reducing emissions from housing is an essential element in delivering corporate plan commitments to a carbon neutral Reading by 2030.

- Thriving Communities: Improving the energy efficiency of homes tackles fuel poverty, good quality, affordable and sustainable housing is an integral part of a thriving community.
- Keeping Reading's environment clean, green and safe: by reducing Reading's contribution to climate change and encouraging more sustainable housing.
- Inclusive Economy: there are significant economic opportunities arising from the activity which will assist in reducing heating bills and in reducing fuel poverty to RBC residents.

6. ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 6.1 The Sustainable Warmth scheme will have a positive impact on the environment and climate, both locally and in a wider context. The positive impact would be achieved through the reduction of energy required to heat properties and in turn would reduce household energy bills and carbon emissions. This is in line with RBC commitment to be 'net zero Reading by 2030'.
- 6.2 By assisting to improve energy efficiency in privately owned housing, RBC is tackling fuel poverty by reducing the amount of energy residents are paying for whilst improving security of supply and reducing emissions in the process.

7. COMMUNITY ENGAGEMENT AND INFORMATION

- 7.1 Section 138 of the Local Government and Public Involvement in Health Act 2007 places a duty on local authorities to involve local representatives when carrying out "any of its functions" by providing information, consulting or "involving in another way".
- 7.2 Community Engagement would be required to ensure that eligible RBC residents are aware of the scheme, informed as to what work is included and to register for the Sustainable Warmth funding.
- 7.3 RBC will work with publicly available data from the Department of Levelling Up, Housing and Communities and data provided by the GSEZHZ to assist in developing a list of properties / areas to target for the funding. RBC will develop marketing strategies to provide information on the funding available and to encourage take up of the scheme. This is envisaged to include targeted mailouts, flyers, social media campaign and information delivered to community groups and partners.

8. EQUALITY IMPACT ASSESSMENT

- 8.1 Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to-
- Eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - Advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 8.2 The eligibility criteria for the Sustainable Warmth fund is set by BEIS, and is based upon the EPC rating of the property and the total household annual incomes of the resident(s) or if they are on means tested benefits.

- 8.3 It is not considered that the decision will have a differential impact on: racial groups; gender; people with disabilities; people of a particular sexual orientation; people due to their age; people due to their religious belief. The aim of the Sustainable Warmth scheme is to address fuel poverty and should have positive equality impacts given the relationship between fuel poverty and low-income households.

9. LEGAL IMPLICATIONS

- 9.1 Reading Borough Council applied for Sustainable Warmth funding as part of a consortium bid to The Department for Business, Energy and Industrial Strategy (“BEIS”) which was managed by Cambridge and Peterborough Combined Authority (CPCA).
- 9.2 Cambridge and Peterborough Combined Authority (CPCA) have engaged Greater South East Net Zero Hub (GSENZH) to manage the scheme and have been appointed by The Department for Business, Energy and Industrial Strategy (“BEIS”) as the Accountable Body for the delivery of Sustainable Warmth implementation measures and will provide grant funding, project management and support to RBC.
- 9.3 An Inter Authority Agreement and a package of supporting documents have been issued to RBC by the CPCA and GSENZH which define the delivery of the scheme. This has been reviewed by RBC Legal and Democratic services and their comments have been reviewed and addressed.
- 9.4 As part of this agreement RBC shall receive 1% of the total funding as a Capacity & Capability Grant to assist the cost to delivery of the Sustainable Warmth.
- 9.5 In addition to the IAA, a Data Sharing Agreement (DSA) has been issued. The DSA sets out the data sharing arrangements between the Parties in relation to the Sustainable Warmth (“SW”) Competition as part of the Home Upgrade Grant Phase 1 (“HUG 1”) and Local Authority Delivery Phase 3 (“LAD 3”). It covers personal data between parties. This document has been reviewed by RBC Information and Governance Team and comments have been addressed.

10. FINANCIAL IMPLICATIONS

- 10.1 Reading Borough Council (RBC) applied for Sustainable Warmth funding as part of a consortium bid to The Department for Business, Energy and Industrial Strategy (“BEIS”) which was managed by Cambridge and Peterborough Combined Authority (CPCA). The proportion of the funding received by the consortium bid allocated for Reading residents is up to £1.16m for LAD 3 and up to £0.54m for HUG.
- 10.2 Cambridge and Peterborough Combined Authority (CPCA) acting through the Greater South East Net Zero Hub (GSENZH) has been appointed by The Department for Business, Energy and Industrial Strategy (“BEIS”) as the Accountable Body for the delivery of Sustainable Warmth implementation measures and provide grant funding.
- 10.3 The Inter Authority Agreement (IAA) states CPCA has entered into the Grant Funding Agreement under which it has received funding to deliver the Services. CPCA shall deliver the services through the Managing Agent appointed under the Framework Agreement, for RBC this is City Energy.
- 10.4 RBC shall also receive an additional 1% of the total funding allocated to RBC from GSENZH to assist in the delivery of the Sustainable Warmth measures. This is referred to as a Capacity & Capability Grant in the IAA. It is envisaged that this funding is to be used to finance targeted mailouts, flyers and a social media campaign as well as administration costs.

10.5 The IAA outlines that in the event that RBC is unable to utilise funding in line with delivery targets or demand is exceeding the original funding made available CPCA may (acting reasonably) reallocate the funding. CPCA will inform RBC of any variation to: the Grant Funding allocations whether by way of an increase or decrease or any other relevant changes relating to the Grant Funding. All of the aforementioned will result in a proportionate variation to the Capacity & Capability Grant Funding.

11. BACKGROUND PAPERS

11.1 External Funding Application for Low Carbon Investment - presented to the Policy Committee in January 2021

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