

# CABINET

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21 JANUARY 2025

### WARM HOMES: LOCAL GRANT – CAPITAL RETROFIT PROGRAMME

#### Report by Director of Economy & Place

#### RECOMMENDATION

1. **Cabinet is RECOMMENDED to**

- (a) Note the submission of a funding request to Department for Energy Security and Net Zero to support retrofit of low-income households in, or at risk of, fuel poverty.
- (b) Delegate authority to the Director of Economy & Place in consultation with the Executive Director of Resources and Section 151 Officer, to consider and conclude any agreements upon notification of a successful application for the Warm Homes: Local Grant (WH:LG).
- (c) Delegate authority to the Director of Economy & Place in consultation with the Executive Director of Resources to issue an extension to the existing agreement for the Provision of Capital Retrofit Grant Distribution and Delivery Management Services (Home Upgrade Grant, Phase 2) for up to 24 months.

#### Executive Summary

- 2. A funding application has been submitted to the Warm Homes: Local Grant through Department for Energy Security & Net Zero. This supports the Council's climate action and health agendas and follows on from a range of retrofit programmes delivered by the Council to low-income households in fuel poverty. This is a three-year scheme currently and may be extended to up to five years, subject to approval at the spending review.
- 3. If successful, the first year of the project would deliver home energy efficiency retrofits to approximately 210 households living in energy inefficient properties and fuel poverty, and scale from there throughout subsequent years.
- 4. The purpose of this report is to brief Cabinet on the bid and agree delegated authority to the Corporate Director for Economy & Place and Executive Director of Resources and S151 Officer to review and agree to the terms and conditions of the grant should the bid be successful, as well as to extend existing

contractual agreement to allow a smooth transition for our residents into the new scheme.

## Background

5. Residential carbon emissions make up 25% of emissions in Oxfordshire. In the Pathways to a Zero Carbon Oxfordshire (PaZCO) report, it is recognised that there is an urgent need for improving the energy efficiency of existing private homes through large scale retrofit of at least 16,000 properties by 2030 to improve to a 'B' Energy Performance Certificate (EPC) standard. The finance, demand and supply chain need to scale in tandem over the medium term to reach these numbers.
6. There is a very strong correlation between poor energy efficiency in properties, fuel poverty and respiratory illnesses. In Oxfordshire 20% of properties fall into the worst energy efficiency categories (EPC rated E, F and G).
7. Previous phases of this funding (Green Homes Grant, Local Authority Delivered phases 1b and 3, Home Upgrade Grant phases 1 and 2) have delivered long-term improvements for eligible residents, resulting in reduced energy bills, measurable carbon savings and health improvements.
8. Oxfordshire County Council (OCC) delivered approximately five per cent of the total national installations under the Home Upgrade Grant. Under WH:LG applications are capped at a threshold linked to previous performance and therefore the council is a strong position in its application to this funding.

## Warm Homes: Local Grant

9. The Warm Homes: Local Grant offers wider eligibility criteria than previous schemes and therefore presents a good opportunity to scale the delivery of retrofit grants across the county. The amount the council can apply for under this funding stream is capped but there is potential to increase the Council's request for funding in further years of the scheme.
10. Building on the existing work taking place in Oxfordshire, the Council, with support from all other Oxfordshire Local Authorities, has submitted a bid for £2.6m for year one, and an average of £3.6m per annum across subsequent years of the scheme, to deliver retrofitting of homes for low-income residents and in the worst energy efficient housing.
11. Key details of this funding application are:
  - 210 properties expected to be able to benefit in the first year with an assumed £12,400 average per-property spend.
  - Funding to cover all aspects of this work has been budgeted in from within the fund. This includes non-capital aspects such as internal staffing resource of circa 3 FTE, delivery partner fees, ancillary works and marketing budget. This is 'earned' as a percentage of capital delivered, and paid to OCC by the funder, the Department for Energy Security & Net Zero.
  - Notification of bid outcome expected end of January 2025.

12. Should the bid be successful, the Council intends to use the established operating model through its existing delivery partner Agility Eco Services Ltd (currently in contract with OCC, delivering on the current tranche of funding) to enable delivery against the mobilisation timeline of the funding. Delegation is required, as the value of the extension includes the capital flow-through and is therefore over £500,000 (£2.6m capital plus circa. £285,000 fees, based on the full award bid for). A number of improvements are proposed, for example in order to support and grow the local installer capacity. Legal Services have been engaged in order to support an extension to the existing contractual arrangement. This is important to pass our 'Delivery Assurance Check' with the funder to mobilise delivery as quickly as possible and allow enough time for a future procurement process to take place.
13. A further improvement is to formalise OCC leading on initial customer acquisition, with the Council's delivery partner managing key aspects of the customer journey and installer network. As with previous schemes, the Council will act as the responsible budget holder.
14. The application does not give the Council details of the terms and conditions the funding would be granted upon if successful. As such, it is requested that Cabinet delegate authority to S151 Officer and Director for Economy and Place to review terms and conditions and if acceptable, sign relevant grant agreements to enter into contract for the funding.

## **Corporate Policies and Priorities**

15. This programme will contribute positively towards our Climate Action and healthy place shaping commitments reducing carbon emissions, improving air quality (both indoor and outdoor), improving quality of housing and supporting low income households.

## **Financial Implications**

16. The Council is seeking project management resource and associated delivery costs as part of the funding to deliver the project. £2.6m capital has been requested through an expression of interest process, which would entitle the Council to draw down up to an additional £485,800 for associated (non-capital) project expenses.
17. It is anticipated that all associated costs, both capital and revenue, will be funded through delivery of this project provided capital delivery targets are met.

Comments checked by:

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## **Legal Implications**

18. The Council has the statutory power to engage in these activities under the section 12 of the Health and Social Care Act 2012. The early stage of the WH:LG will be delivered through an extension to the Council's existing contractual arrangements for the Home Upgrade Grant that completes in March 2025.
19. The existing contract permits such an extension, so does not constitute a modification under procurement legislation. The maximum permitted extension period does not cover the full period of the WH:LG programme, so the re-procurement of a suitable delivery partner will be conducted before the end of the proposed contract extension in accordance with the Council's procurement procedures.
20. The terms and conditions of the grant will be reviewed by the legal service once the Council is notified in January 2025.

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## **Staff Implications**

21. The Council has bid for funding for circa three full time equivalent (FTE) staff to support delivery of the programme. It is stipulated by DESNZ that a minimum of two FTE is required by all consortium leads, regardless of the level of funding requested. District Councils will further promote the delivery of the project in their areas with existing resources.

## **Equality & Inclusion Implications**

22. There is a strong correlation of residents who are low-income, experiencing fuel poverty, adverse respiratory health conditions and living in fuel poverty often, but not exclusively, in areas that are in the most deprived wards in the County. This programme therefore has positive impact on a range of groups the council wishes to support.
23. The scheme will be open to all residents that meet the eligibility criteria set out by the funder. The Council will work with the comms team, community groups and services across the council to ensure the marketing of this scheme is as accessible as possible to all residents, and that opportunities are explored to reach those households that may not engage with mainstream communication and media.
24. The including Everyone Framework will give us best practice in how to engage with seldom heard communities. We will maintain an open channel of communication with residents who wish to express challenge or offer feedback, so that we can respond to any difficulties faced by them robustly.

## **Sustainability Implications**

25. This project will deliver positive action towards decreasing the energy demands, and subsequent carbon emissions, of residential homes, taking action towards our climate emergency target and supporting improved indoor and outdoor air quality.

## **Risk Management**

26. The project will adhere to the use of risk management within the Council's guidelines to continue to identify risks and opportunities as they arise. The project will recruit a delivery partner to manage the householder and installer networks, with the council acting as a responsible budget holder.
27. Should the bid be successful the terms and conditions associated with the project, and the subsequent risk will be reviewed by legal and with the Corporate Director for Economy and Place.

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