

## Divisions Affected - All

**CABINET**  
16 NOVEMBER 2021

### **SUSTAINABLE WARMTH FUND**

#### **Report by Corporate Director Environment and Place**

#### **RECOMMENDATION**

1. **The Cabinet is RECOMMENDED to**
  - (a) Endorse the submission of a funding bid to support retrofit of homes in fuel poverty within Oxfordshire under the Sustainable Warmth Fund (SWF).
  - (b) Delegate authority to the Corporate Director Environment and Place in consultation with S151 Officer and Cabinet Member for Climate Change Delivery and Environment to review and conclude legal agreements should the application be successful.

#### **Executive Summary**

2. In support of the council's strategic priorities on climate action and healthy place shaping, as well as national commitments to a green recovery, a funding application in relation to the Sustainable Warmth Fund (SWF) has been submitted.
3. If successful, the project would deliver home energy efficiency retrofits to 310 households living in energy inefficient properties and fuel poverty.
4. The purpose of this report is to seek endorsement from Cabinet on the bid and, should the bid be successful, delegate authority to the Corporate Director Environment and Place to enter into a grant agreement for delivery, subject to the terms and conditions of the grant offer letter.

#### **Background**

5. Residential carbon emissions make up 25% of the carbon emissions in Oxfordshire. The Council's Climate Emergency commitment states our intention to play our role in enabling and promoting retrofit of property to meet a net zero carbon target of 2050. The Oxfordshire Energy Strategy recognises the need for improving the energy efficiency of existing private homes through

large scale retrofit of over 4,000 properties per year. Current retrofit is likely to be two orders of magnitude below this target.

6. The Pathways to Zero Carbon Oxfordshire Report sets out a £1.5 bn investment need in retrofit and heatpumps in Oxfordshire by 2030, underlining the employment and business opportunity associated with this area.
7. There is a very strong correlation between poor energy efficient properties, fuel poverty and respiratory illnesses. In Oxfordshire 20% of properties fall into the worst energy efficiency categories (EPC rated E, F and G)<sup>1</sup>. Residents are defined as being in fuel poverty if a household has above average fuel costs and if the spend of this sum would take their residual income below the official poverty line. In 2017 the 8.5% of Oxfordshire Households were in fuel poverty, whilst respiratory conditions are estimated to affect 50,000 people<sup>2</sup>.
8. The initiative supports the Health and Wellbeing Strategy 2019-2023 and also seeks to address the connection between cold housing and impact on NHS/winter pressures.

## Sustainable Warmth Fund

9. As part of a series funding packages released by central government in response to Covid 19 to support a Green Recovery, a series of funding opportunities for Local Authorities to conduct home energy retrofits was launched from summer 2019 by the Department for Business Energy and Industrial Strategy (BEIS). The Sustainable Warmth Fund (SWF) is the latest.
10. Oxfordshire County Council has previously been successful in securing £1.5m on this agenda in late 2020 under the Green Homes Grant Local Authority 1b (GHG LAD1b) to conduct home energy retrofits to 150 homes for residents in fuel poverty with the key features of eligibility being:
  - Households earning under £30,000 per year
  - Properties being E, F or G rated on the Energy Performance Certificates (with some D rated properties eligible)
  - An average spend per property below £10,000
11. The existing Oxfordshire GHG LAD1b has been successful in identifying over 200 properties eligible for the scheme. However, national supply chain constraints have led to delays in installation of measures and have since led BEIS to extend the scheme. The delivery of this tranche of funding will now be complete in March 2022. This in turn has been taken into consideration in preparing the SWF project.

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<sup>1</sup> EPC for All Domestic Properties (Existing and New Dwellings), BEIS, 7/12/2020 - [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/904850/D1 - Domestic EPCs.xlsx](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/904850/D1_-_Domestic_EPCs.xlsx)

<sup>2</sup> Health Conditions and Causes of Death (Oxfordshire County Council), March 2017 - <https://insight.oxfordshire.gov.uk/cms/system/files/documents/5%20Health%20Conditions%20and%20Causes%20of%20Death%20JSNA%202017.pdf>

12. A further £350m was released earlier this summer, called the Sustainable Warmth Fund for which Oxfordshire County Council, consulting with the City and District Councils has submitted a bid. The fund is split into two focuses, the first element to focus on properties with gas heating and the second for properties without, referred to as Local Authority Delivery 3 (LAD3) and Home Upgrade Grant 1 (HUG1). These funds have slightly different eligibility and spending caps, but any properties that are unable to receive measures from GHG LAD1b are expected to be eligible for the SWF.
13. Broadly the approach in preparing the SWF bid was to build in substantial contingency costs to accommodate any future price fluctuations, whilst also splitting delivery across primarily three supply chains, to mitigate risk of under delivery and provide flexibility:
  - Electric Heating and Solar PV
  - Park Homes
  - Insulation for traditional build housing
14. The bid submitted was for £3.3m to deliver retrofitting of homes for those in fuel poverty and in the worst energy efficient housing. Key details of this funding application are:
  - Notification of bid outcome mid October 2021
  - Scheme commences December 2021
  - Delivery to complete 31st March 2023 (14 months)
  - A minimum of 310 houses to be retrofitted
  - Funding for a full-time post to project manage a delivery partner for the scheme.
15. The council will work closely with the Districts, our existing householder energy efficiency advice line 'Better Homes, Better Health' and the contractor on a strategy to engage households. We will conduct a procurement exercise for a contractor to deliver an end to end solution to meet the objectives of this grant funding. We have sought market knowledge to inform the bid development.
16. Our prospective delivery partner would follow much of the existing setup and contractual arrangement we have with the LAD1b scheme; to manage the recruitment of households and the installer networks, with the Council acting as the responsible budget holder. This funding will enable an enhancement of the installer network, bringing with it the flexibility in the most cost effective and deliverable measures within the timescales of the project, and a longer lasting legacy post funding.
17. The application does not give details of the terms and conditions the funding would be granted upon if successful. As such it is requested that Cabinet delegate authority to Corporate Director Environment and Place for review and enter into the grant if successful.

## Financial Implications

18. The bid is for a total of £3.3 million. This will support the retrofit of at least 310 properties by a procured delivery partner and one full time position within Oxfordshire County Council for project management. If the bid is successful, we will reassess financial implications when detailed terms and conditions are made available.

Comments checked by:

Rob Finlayson, Finance BP, [Rob.Finlayson@Oxfordshire.gov.uk](mailto:Rob.Finlayson@Oxfordshire.gov.uk) (Finance)

## Legal Implications

19. We see no legal implications at this stage of the process but will review funding conditions if the bid is successful.

Comments checked by:

Jonathan Pool, Solicitor, [Jonathan.Pool@Oxfordshire.gov.uk](mailto:Jonathan.Pool@Oxfordshire.gov.uk) (Legal)

## Staff Implications

20. If the bid is successful, we will recruit to one full time project management role using the grant funds budgeted for that purpose.

## Equality & Inclusion Implications

21. We do not believe there are equality or inclusion implications in noting the bid or in delegating authority should it be successful.

## Sustainability Implications

22. A successful bid will support Oxfordshire's Climate Action initiatives through retrofit of at least 310 properties. Achieving net zero carbon in the council's target timeframe requires retrofit of at least 4000 properties per year. The SWF will support only a small fraction of this, but crucially targets those households least able to pay for installation of energy saving measures in their homes. The scheme will also support supply chains that must expand to achieve these ambitious retrofit targets in the coming decade within Oxfordshire.

Comments checked by:

Sarah Gilbert, Climate Action Team Leader  
([sarah.gilbert@oxfordshire.gov.uk](mailto:sarah.gilbert@oxfordshire.gov.uk))

## Risk Management

23. Risk will be fully assessed if the bid is successful at which point full terms and conditions of the award will be made available. In the case of our current Green Homes Grant (GHG) scheme, care has been taken to minimise legal and financial liabilities by contractual assignment of these to the delivery partner. If the SWF scheme framework is broadly similar, the main risk to the local authority is likely to be reputational. Public feedback from our GHG participants is extremely positive and we therefore consider the reputational risk for SWF is likely to be low. We will fully assess all risks and mitigations alongside finance and legal teams as and when contractual documents are supplied.

## Consultations

24. We have taken financial and legal advice as noted above. No other consultations have been made.

BILL COTTON

Annex: Nil

Background papers: Nil

Contact Officer: Sarah Gilbert, Climate Action Team Leader  
Tel: 07867 467797  
e-mail: sarah.gilbert@oxfordshire.gov.uk

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