

**South Lakeland District Council**  
**Cabinet**  
**Monday, 4 July 2022**  
**Sustainable Warmth Cumbria**

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**Portfolio:** Housing Portfolio Holder - Cllr Helen Chaffey  
**Report from:** Director of Customer and Commercial Services  
**Report Author:** Amanda Pharaoh – Housing Strategy and Delivery Specialist, Julie Jackson – Principal Specialist People  
**Wards:** (All Wards);  
**Forward Plan:** Key - Forward Plan as published on 19<sup>th</sup> April 2022

**Links to Council Plan Priorities:**

One of South Lakeland District Council's ('the council') four priorities for 2021 – 2026 includes a Fairer South Lakeland and Addressing the Climate Emergency. In delivering a Fairer South Lakeland – the council has committed to providing energy advice and additional support to households in fuel poverty.

In February 2019 SLDC declared a climate emergency. The Council is working towards a target of being Carbon neutral by 2037 and ensuring that the existing housing stock is energy efficient is a significant element in achieving that goal. This project seeks to maximise the social, economic and environmental benefits which come from combating and developing resilience to climate change and developing sustainability.

One of the council's targets is to reduce the percentage of homes in the lowest energy performance certificate bands E, 'F & G'. This project will go towards these commitments.

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**1.0 Expected Outcome and Measures of Success**

This is a report seeking approval to enter into agreement with Carlisle City Council following their successful application to BEIS Sustainable Warmth Competition as the lead authority of a Cumbrian consortium of district councils. The Sustainable Warmth competition is Phase 3 of the Local Authority Delivery of Green Homes Grants (LAD3) for mains gas connected homes and Home Upgrade Grants (HUG 1) for off- mains gas homes. Carlisle City Council has applied for approximately £25 million of funding on behalf of the Cumbrian consortium to address fuel poverty and improve energy efficiency and carbon savings in at least 1,000 mainly private sector properties. Barrow Borough Council and Eden District Council have already committed to this initiative which will contribute towards tackling fuel poverty, energy efficiency and climate change across Westmorland and Furness.

**2.0 Recommendation**

**2.1 It is recommended that Cabinet:-**

- (1) approve South Lakeland District Council's participation in the Sustainable Warmth Cumbrian consortium project (via a consortium of Cumbria District Councils); and**

**(2) subject to a successful consortium bid by Cumbria District Councils (including SLDC), acceptance by the Council of its allocation of the grant funding awarded by North West Energy Hub Sustainable Warmth grant scheme in the sum of £2.1m be authorised, provided that if the actual sum of grant awarded to the Council is more or less than £2.1m the difference will be reported as part of the Quarterly Finance Update Reporting; and**

**(3) subject to the award of grant funding under the North West Energy Hub Sustainable Warmth grant scheme, the Director of Customer and Commercial Services, in consultation with the Operational Lead (People, Welfare and Income Maximisation) and the Legal Governance and Democracy Lead Specialist (Monitoring Officer) be delegated authority to agree the terms of and enter into the appropriate legal agreements on behalf of the council in relation to the project in consultation with the Portfolio Holder for Housing.**

### **3.0 Background and Proposals**

3.1 On 16th June 2021, BEIS opened the Sustainable Warmth competition encouraging Local Authorities to apply for approximately £25 million funding to help them install energy saving upgrades and low carbon heating in low-income households. This is the fourth round of funding for local authorities to help improve energy efficiency measures and reduce carbon for low income households. The Council is currently part of a Cumbrian consortium led by Eden District Council for Green Homes Grant Local Authority Delivery Phase 2 (LAD2). Members agreed at 23.6.21 Cabinet to take part in the LAD2 consortium project.

3.2 The primary purpose of the Sustainable Warmth competition is to raise the energy efficiency rating of low income and low Energy Performance Certificate (EPC) rated households (those with E, F or G, although D is also in scope), this is expected to result in the following outcomes:

- a. Increase low-income household's energy efficiency.
- b. Deliver cost effective carbon savings to carbon budgets and progress towards the UK's target for net zero by 2050.
- c. Support clean growth and ensure homes are thermally comfortable, efficient, and well-adapted to climate change.
- d. Support economic resilience and a green recovery in response to the economic impacts of Covid-19, creating thousands of jobs; and
- e. Use learnings from the delivery experience to inform the development and design of further energy efficiency and heat schemes.

3.3 The competition encompasses two schemes:

**Local Authority Delivery Phase 3 (LAD3):** this third phase of the Local Authority Delivery scheme (LAD3) has a refined scope to support low-income households heated by mains gas. The average cost per owner occupied home set at £10K

**Home Upgrade Grant Phase 1 (HUG1):** a scheme for low-income households with homes off-gas grid. The amount per home can be up to a maximum of £25K depending on the EPC rating and fuel type. Targeted funding will support the installation of multiple measures in these homes, which can face higher upgrade costs, to substantially improve their energy performance.

3.4 The Sustainable Warmth Cumbria consortium bid has been successful for funding to support low carbon energy efficiency and heating for at least 1,000 private sector

homes across Cumbria. This amounts to approximately 100 properties for LAD3 and 110 HUG1 across this district. The consortium bid is supported by all the Cumbrian district authorities. Carlisle City Council bid for approximately £6.5 million based on an estimate £10,000 average retrofit cost per property for 650 homes with mains gas heating and approximately £15 million for 650 plus homes with non-gas heating plus funding for administration and ancillary costs. According to this council's recent BRE stock condition report it is estimated that this district has 55,280 dwellings of which it is estimated 38,798 private dwellings have EPC rating of D/E/F/G with higher proportion in E-G. Carlisle City Council, as the lead applicant, will be the Accountable Body for the grant funding and its use across Cumbria.

- 3.5 The Government expects local authorities to take a fabric first approach and focus on measures that will help lower household energy bills such as insulation. This includes, but is not limited to, energy efficiency measures (such as wall, loft, and underfloor insulation) and low carbon heating technologies (such as heat pumps and solar) – but excludes heating systems which are solely fuelled by fossil fuels such as gas and oil.
- 3.6 Funding to eligible owner-occupied households is expected to cover the cost of upgrading a home but residents can contribute if the cost exceeds the maximum grant available. Funding must be targeted at low-income households likely to be in fuel poverty, for which local authorities can continue to use the criteria of a combined household annual income to be confirmed but no more than £30,000 gross income. The scheme is primarily designed for private sector housing. Landlords whose tenants are eligible for funding (private and social) would provide at least 33% contribution towards the cost of the upgrades and the subsidy would not exceed £5,000 on average per household.
- 3.7 The project must be completed by 31 March 2023. Carlisle City Council are in the process of reviewing the required documentation such as MOU. The project will be delivered by the Homelife HIA Carlisle City Council within Regulatory Services under a Memorandum of Understanding with Secretary of State for Business, Energy and Industrial Strategy ('BEIS') and with legal agreements with the other Cumbrian district local authorities including this council.
- 3.8 The funding allows a maximum of 15% administration costs, the Council has asked Carlisle City Council to use this to employ case workers and administrators using this funding to assist administer the project for the council. This council will receive approximately £30,000 of the fund for administration and monitoring responsibilities.
- 3.9 Despite the commitments and uncertainties around Local Government re-organisation, there is a strong case for proceeding with this project. The project has a high degree of strategic alignment with the Council Plan (as well of the Council Plans for Barrow and Eden) in terms of tackling climate change, energy efficiency and fuel poverty. Barrow and Eden are also participants and It represents a time limited opportunity to secure significant external funding to make a significant difference to the energy efficiency of building stock across South Lakeland and across Westmorland and Furness.

#### 4.0 Appendices Attached to this Report

Appendix No.	Name of Appendix
1	Health and Sustainability Impact Assessment

#### 5.0 Consultation

5.1 All other Cumbria Districts have been consulted and are in agreement with this project to go ahead.

#### 6.0 Alternative Options

6.1 Only consortium bids have been permitted, this council's only options are to participate or not to participate. It is recommended that the Council participates in the Sustainable Warmth Scheme joining our partner authorities to benefit low income households, addressing fuel poverty and low energy efficient homes.

#### 7.0 Implications

##### Financial, Resources and Procurement

7.1 The funding allocation will be held by Carlisle City Council apart from an administrative amount in the region of £30,000 which will be paid to South Lakeland. Carlisle City Council will be the Accountable Body and will employ the case workers and administrators and retrofit co-ordinators on behalf of this council. This council will host the post and share the post with another authority such as Barrow Borough Council. As part of this Scheme, Retrofit Coordinators are likely to be employed (by Carlisle City Council on behalf of the programme) to ensure appropriate measures, installation and delivery of the measures within the timescale allowed by the Government. The precise detail of this is yet to be determined. The consequences of not meeting this are unclear as yet we are to receive draft documentation, e.g. grant funding terms and conditions, draft legal agreements from Carlisle City Council etc.

7.1.1 Carlisle City Council will lead on Procurement on behalf of the county-wide consortium. This is likely to be a tender for a DPS (Dynamic Procurement Scheme) with the expertise to install measures as assessed by the retrofit co-ordinator and ensure value for money.

7.1.3 There will be no direct additional costs to joining this scheme for the council. Some additional staff resource is needed and will be funded by the grant and otherwise absorbed with in current resources. Within the Council, the proposal will be led by the housing team with support from the strategy team.

7.1.4 All administration costs are to be born out of the grant therefore a net nil budget cost to the council. At present this council will only receive admin element of the grant in the region of £30,000 as Carlisle will use our allocation of the grant for employment resources and the delivery of the measures. As detailed in 3.4 approximately 100 properties could benefit from the LAD3 and approximately 110 properties could benefit from HUG1 measures with an average cost per property of £10,000 (£2.1m in total).

##### Human Resources

7.2 This council will have monitoring and administrative responsibilities as well as likely to host a post (case worker and administrator) the costs of the monitoring / administration to be absorbed by the Council but the costs of employment of case workers and administrators will be met by the grant fund which will be retained by Carlisle as accountable body.

## Legal

- 7.3 This report seeks delegated authority to agree the terms of, and enter into, the appropriate legal agreements on behalf of the Council in relation to the project. Such authority to be delegated to the Legal Governance and Democracy Lead Specialist (Monitoring Officer), the Director of Customer and Commercial Services, the Operational Lead (People, Welfare and Income Maximisation) and in consultation with the Portfolio Holder for Housing.
- 7.3.1 The report refers to Memorandums of Understanding and other legal agreements; it is understood that these are not yet available for review by the Consortium. Legal Governance and Democratic Specialists at the council will review and advise the council on the relevant agreements including any obligations and risks arising for the council.
- 7.3.2 At this early stage the structure of the contractual arrangements between the consortium parties and the funder is not apparent. This council awaits receipt of documentation from Carlisle City Council in order to ascertain the arrangements and advise.
- 7.3.3 Cabinet is being asked to delegate authority as outlined in recommendation (2) above to negotiate and execute any necessary agreements to secure and deliver the funding.
- 7.3.4 Consideration will be given to the s24 Direction relating to Local Government Reorganisation and the treatment of grants.

## Health and Sustainability Impact Assessment

- 7.4 Have you completed a Health, Social, Economic and Environmental Impact Assessment? Yes attached at Appendix 1.
- 7.5 If you have not completed an Impact Assessment, please explain your reasons: n/a
- 7.6 Summary of health, social, economic and environmental impacts: It is expected that the proposal will have a positive effect to improve energy efficiency of homes and reduce carbon emissions in homes identified, surveyed and measures agreed with the owner.

		Positive	Neutral	Negative	Unknown
<b>Environment and Health</b>	Greenhouse gases emissions	√			
	Air Quality	√			
	Biodiversity				√
	Impacts of Climate Change	√			
	Reduced or zero requirement for energy, building space, materials or travel	√			
	Active Travel				√
<b>Economy and Culture</b>	Inclusive and sustainable development				√
	Jobs and levels of pay				√
	Healthier high streets				√

	Culture, creativity and heritage				√
<b>Housing and Communities</b>	Standard of housing	√			
	Access to housing				√
	Crime				√
	Social connectedness				√

### Equality and Diversity

- 7.7 Have you completed an Equality Impact Analysis? No
- 7.8 If you have not completed an Impact Assessment, please explain your reasons: Equality impacts are being considered as part of the consortium.
- 7.9 Summary of equality and diversity impacts: It is expected that the proposal is not discriminatory and will have a positive effect on equality and diversity through the support of eligible households in the district on low incomes and poor energy efficient homes.

Please indicate: P = Positive impact; 0 = Neutral; N = Negative; Enter "X"						
Age	P	x	0		N	
Disability	P	x	0		N	
Gender reassignment (transgender)	P	x	0		N	
Marriage & civil partnership	P	x	0		N	
Pregnancy & maternity	P	x	0		N	
Race/ethnicity	P	x	0		N	
Religion or belief	P	x	0		N	
Sex/gender	P	x	0		N	
Sexual orientation	P	x	0		N	
Armed forces families	P	x	0		N	
Rurality	P	x	0		N	
Socio-economic disadvantage	P	x	0		N	

Risk Management	Consequence	Controls required
Installations not meeting quality standards	Customer complaints	a procurement exercise by Carlisle City Council will ensure the competency of contractors. It is a condition of the grant that all measures must be compliant with the most up to date "PAS 2035 Retrofitting dwellings for improved energy efficiency. Specification

Risk Management	Consequence	Controls required
		and guidance (PAS 2035). Installers are required to have the appropriate certifications for the eligible measures that they are installing and be Trustmark registered
Claims for installations that haven't happened, not complete etc	Fraudulent claims	approval is required before works commence and delivery through approved contractors
Insufficient demand	Underspend	No penalty for underspend
Insufficient capacity to match demand	Delay to project	Prior approval required before works agreed to commence so budget management will cover approved works. It is worth noting that the fund is limited therefore if project is over-subscribed there will inevitably be disappointed customers who can be put forward to any future such projects
Supply issues	Delays	The retrofit assessment identifies a medium-term plan so sets out a suite of potential measures that can be used for future installation. Multiple delivery partners preferred.
Failure of systems and/or processes which have been included within the Risk Register	Putting project at risk	Project will have its own project management framework including risk register. Monthly reporting on the project is required to be made to BEIS from Carlisle CC.

### Contact Officers

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## Background Documents Available

Name of Background document	Where it is available
Housing Strategy 2016 - 2025	<a href="https://www.southlakeland.gov.uk">Housing Strategy 2016 to 2025 (southlakeland.gov.uk)</a>

## Tracking Information

Signed off by	Date sent	Date Signed off
Section 151 Officer	29 <sup>th</sup> April 2022	23/05/2022
Monitoring Officer	29 <sup>th</sup> April 2022	19/05/2022
CMT	19 <sup>th</sup> May 2022	19.5.22

Circulated to	Date sent
Lead Specialist	29.05.22
Human Resources Lead Specialist	N/A
Communications Team	N/A
Leader	29.05.22
Committee Chairman	N/A
Portfolio Holder	29.05.22
Ward Councillor(s)	N/A
Committee	N/A
Executive (Cabinet)	08.06.22
Council	N/A