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Dear Councillor

SOUTH HAMS EXECUTIVE - THURSDAY, 22ND OCTOBER, 2020

I refer to the agenda for the above meeting and attach papers in connection with the following item(s).

Agenda No	Item
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| 13. | <u>Grant Award</u> (Pages 1 - 6) |
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Yours sincerely

Darryl White
Senior Specialist – Democratic Services

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Report to: **Executive**

Date: **22 October 2020**

Title: **Grant Award**

Portfolio Areas: **Cllr Judy Pearce and Cllr Jonathan Hawkins**

Wards Affected: **All**

Urgent Decision: **N** Approval and clearance obtained: **Y**

Date next steps can be taken: Upon the expiry of the Scrutiny Call-in period – 5.00pm on 2 November 2020

Author: **Drew Powell** Role: **Director of Governance and Assurance**
Dave Sexton **Senior Specialist**

Contact: **Email: drew.powell@swdevon.gov.uk**

RECOMMENDATIONS:

That the Executive:

- 1. Note the successful bid and award of the sum of £336,750 from the Government's Green Homes Grant scheme for 2020/21;**
- 2. Note the allocation of £200,000 from the Council's approved Disabled Facilities Grant/Regulatory Reform Order 2020/21 capital budget, to support work to reduce fuel poverty and reduce carbon emissions, with any underspend of this allocation being carried forward into 2021/22. This is Government funding which the Council receives from the Better Care Fund; and**
- 3. Approve the sum of £20,000 from the Climate Change and Biodiversity Earmarked Reserve, to support delivery of the Green Homes Grant scheme, bidding for future funding, and work to improve the energy efficiency of the existing private sector housing stock, in line with the Council's emerging Climate Change and Biodiversity Strategy.**

1. Executive summary

- 1.1 In July 2020, the Government announced a £2 billion Green Homes Grant (GHG) scheme to save households money, cut carbon emissions and create jobs.
- 1.2 The Council, as part of a consortium with West Devon Borough Council, submitted a capital bid and have been awarded a sum of £336,750. The money has to be spent by 31 March 2021.
- 1.3 The capital grant must be used to raise the energy efficiency of low income and low Energy Performance Certificate (EPC) rated households, through insulation measures and low carbon heating, such as heat pumps.
- 1.4 The Council has declared a Climate Change and Biodiversity Emergency and has identified within its emerging Strategy the importance of reducing carbon emissions from existing private sector housing stock.
- 1.5 Carbon emissions from existing housing contribute in the region of 24% of all CO2 emissions across the District. The Council already plays a vital role in securing reductions in emissions from this sector but more is needed.
- 1.6 The Council is committed to delivering against its Climate Change and Biodiversity aim to reduce the District of South Hams' carbon emissions to net zero by 2050 at the latest.
- 1.7 In view of this, it is proposed that a further £200,000 is allocated from the Disabled Facilities Grant/Regulatory Reform Order approved capital budget for 2020/21, to deliver further measures to reduce fuel poverty and reduce carbon emissions from the existing private sector housing stock, with any underspend of this allocation being carried forward into 2021/22. This is Government funding which the Council receives from the Better Care Fund.
- 1.8 It is recommended that £20,000 be allocated from the Climate Change and Biodiversity Earmarked Reserve to support delivery of this area of work.

2. Background

- 2.1 It is estimated that 10.8% of households within the South Hams live in Fuel Poverty, compared with a regional average of 9.4%.
- 2.2 Energy usage within the existing housing stock remains one of the main sources of carbon dioxide emissions as identified within the Council's emerging Climate Change and Biodiversity Strategy.
- 2.3 The private sector housing stock within the South Hams includes a large number of older style properties which are considered to be 'hard to treat' in terms of energy efficiency improvements.
- 2.4 A significant number of properties are not connected to the mains gas supply and rely on alternative, less efficient sources of heating, such as oil and solid fuel.

- 2.5 There have been a range of different schemes to improve the energy efficiency of existing housing but these have focussed on easier, less expensive measures such as loft and cavity wall insulation and the installation of gas fired boilers.
- 2.6 As a result of the above, people living in fuel poverty in older, single-skin properties in remote locations have seldom been able to access support.
- 2.7 With a growing focus on reducing carbon emissions from all sources including existing housing, the bid put forward by the Council focussed on the installation of external wall insulation and air source heat pumps for eligible households.
- 2.8 A key requirement of the bidding process was to prove deliverability of the project in the limited timeframe. As a result of a previous procurement exercise the Council was able to satisfy the eligibility criteria.

3. Funding to reduce carbon emissions from existing housing stock

- 3.1 In addition to the Green Homes Grant, in order to provide further funding to reduce carbon emissions from existing housing stock and to reduce fuel poverty it is proposed to allocate £200,000 from the Council's approved Disabled Facilities Grant/Regulatory Reform Order 2020/21 budget, with any underspend of this allocation being carried forward into 2021/22. This is Government funding which the Council receives from the Better Care Fund.
- 3.2 This is possible without impacting on the ability of the Council to support independent living through the provision of disabled facilities grants as a result of officers securing additional funding through the Better Care Fund in previous years.
- 3.3 The Better Care Fund is a capital grant, allocated through Devon County Council, to be spent in line with the Devon Homes Assistance Policy. Objective 4 of the Policy allows funding to be used to 'assist vulnerable people to afford to heat their homes through appropriate energy efficiency and heating measures'.
- 3.4 The Council has supported this objective in the past through the provision of top-up grants to supplement national schemes such various iterations of ECO (the Energy Company Obligation). However, allocating funding in the way that is proposed will allow officers to explore other ways of supporting objective 4 and the clear links to reducing carbon emissions from existing housing stock.

4. Outcomes/outputs

- 4.1 The £336,750 capital grant will be used to deliver the installation of, in the order of, 21 external wall insulations and 9 Air source heat pumps for eligible households by the end of March 2021, in line with the approved bid.
- 4.2 A range of metrics including lifetime financial and carbon savings will be calculated and reported back to the Executive at the end of the project.
- 4.3 The £200,000 will be used to directly fund and/or lever in additional funding, to assist vulnerable people to afford to heat their homes through appropriate energy efficiency and heating measures.
- 4.4 The direct funding, and that levered in through similar schemes, will reduce carbon emissions in line with the Council's aim to reduce the District of South Hams' carbon emissions to net zero by 2050 at the latest.

5. Capacity to deliver and secure further funding

- 5.1 One of the conditions of the capital grant is that a scheme is put in place that secures delivery of the installations by the end of March 2021, which is challenging given this is a new area of work.
- 5.2 It is important to point out that the grant has been awarded from Phase 1 of the Green Homes Grant and there are plans for Phase 2, post March 2021, when it is expected more funds will be made available. If the delivery of this first allocation of funding is successful then it could place us in a better position for future bids.
- 5.3 It is recognised that some additional resource is needed to support delivery of the scheme, to prepare to bid for any future funding and to support the work of the private sector housing team with regard to improving the energy efficiency of the existing housing stock.
- 5.4 In view of the relatively modest budget gap predicted for 2021/22 of £137,871 set out in the Medium Term Financial Strategy report on the Executive agenda (based on current assumptions), limited spending of Earmarked Reserves can be considered to support wider corporate objectives.
- 5.5 In recognising the Council's commitment and aims under the emerging Climate Change and Biodiversity Strategy, it is considered appropriate to recommend that £20,000 be allocated from the Climate Change and Biodiversity Earmarked Reserve, which currently has a balance of £400,000.

6. Proposed Way Forward

- 6.1 It is proposed that officers implement the scheme, in-line with the bid, to spend the £336,750 on the targeted installations by the end of March 2021.

- 6.2 Subject to approval of the £20,000, officers will progress further work to support a reduction in fuel poverty and carbon emissions as detailed in 3, above.
- 6.3 The proposals within this report form part of a range of actions that the Council's developing and implementing to support its commitment to tackling Climate Change and Biodiversity loss.

7. Implications

Implications	Relevant to proposals Y/N	Details and proposed measures to address
Legal/Governance		<p>The Council has a range of powers with regard to private sector housing and energy efficiency. The Green Homes Grant funds have been awarded subject to a Memorandum of Understanding which sets out the associated conditions.</p> <p>As part of the application process the Council had to declare that it had considered its proposals in connection with the State aid rules. As a result of the procurement exercise referred to in paragraph 2.6 the Council was able to satisfy itself that it could do so.</p>
Financial implications to include reference to value for money		<p>A capital grant award of £336,750 has been made to the Council for the 2020-21 financial year from the Green Homes Grant.</p> <p>West Devon Borough Council is the lead Authority for the capital grant, for both West Devon and South Hams Councils as part of a consortium, as per Section 31 of the Local Government Act.</p> <p>Monitoring and spend against the capital budget of £336,750 will be reported quarterly to the Executive as part of the Capital Programme Monitoring report for 2020-21.</p> <p>In recognising the Council's aims under the emerging Climate Change and Biodiversity Strategy, and in view of the Council's financial position as set out in the separate Medium Term Financial Strategy report to the Executive, it is considered appropriate to recommend that £20,000 be allocated from the Climate Change and Biodiversity Earmarked Reserve, which has a balance of £400,000.</p> <p>On an annual basis, the Council's auditors, issue an opinion on their Value for Money conclusion for the Council.</p>

		For the 2019-20 year, Grant Thornton has reported to the Council's Audit Committee on 15 th October 2020, that they will be issuing an unqualified opinion on the Council's Value for Money arrangements and that they have concluded that the District Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
Risk		There are two main risks that need to be considered: The risk of not spending the allocated funds by the end of March 2021. This depends on uptake of the offer and the ability to get the measures installed. To mitigate this we have an established supply chain through our relationship with SSE plc and a number of potential leads already identified through previous work. An additional risk relates to the capacity within the team to deliver this work. At this stage, it is proposed to realign existing resources and to secure additional resource through the £20,000 to focus on this project and the wider work detailed within the report. The ability to sustain this should further funding be forthcoming will need to be assessed further in the future.
Supporting Corporate Strategy		Wellbeing, Homes and Climate Change and Biodiversity
Equality and Diversity		No direct implications
Safeguarding		No direct implications
Community Safety, Crime and Disorder		No direct implications
Health, Safety and Wellbeing		The provision of energy efficiency measures will have a positive impact on the health, safety and wellbeing of the households.
Other implications		

Supporting Information

Appendices: None