

## **BARNSELY METROPOLITAN BOROUGH COUNCIL**

**This matter is a Key Decision within the Council's definition and has been included in the relevant Forward Plan**

### **REPORT OF THE EXECUTIVE DIRECTOR OF PLACE**

#### **Warm Homes and Sustainable Warmth Updates**

#### **1. PURPOSE OF REPORT**

- 1.1 To report on the transfer of the Warm Homes function into the Place Directorate; and
- 1.2 To highlight the current position of the Affordable Warmth Programme; and
- 1.3 To report on the outcome of the Sustainable Warmth bid submission and the delivery of the project; and
- 1.4 To seek approval to accept the awarded Sustainable Warmth Funding of £5.31M for the purpose of installing energy efficiency measures into private sector housing where the residents are deemed to be living in, or at risk of living in, fuel poverty; and
- 1.5 To seek approval to create 3 additional temporary, fixed term posts to support delivery of the Sustainable Warmth Programme; and
- 1.6 To seek approval to begin a competitive tender process and appoint contractors to deliver the Sustainable Warmth Programme.

#### **2. RECOMMENDATIONS**

**It is recommended that:**

- 2.1 Cabinet notes the outputs from the Warm Homes team and the transfer of this function into the Strategic Housing, Sustainability and Climate Change Team; and**
- 2.2 Cabinet notes the position of the Affordable Warmth programme; and**
- 2.3 Cabinet accepts the Sustainable Warmth Funding allocation of £5.31M over the period of 2021- 2023; and**
- 2.4 Cabinet agrees to the funding conditions set by the Department for Business, Energy and Industrial Strategy (BEIS), as outlined in Section 4; and**
- 2.5 Cabinet approves the recruitment of three temporary, fixed term Warm Homes Officers posts to support the delivery of the Sustainable Warmth Programme and wider warm homes agenda.**

### 3. INTRODUCTION

- 3.1 In 2019, BMBC secured grant funding from Affordable Warmth Solutions, alongside money from the Better Care Fund to develop a new Borough-wide Warm Homes Service, as a single point of access to offer support to residents living in or at risk of living in fuel poverty.
- 3.2 The team was established as part of the ABLE service in the Communities Directorate, and the grant funding is available to support the team until December 2021.
- 3.3 Up to the end of September 2021, the Warm Homes service had achieved financial outcomes of £1.4M, with an average benefit of £1,640 per household. This consists of:

Lifetime bill savings from retrofit works	£657,457.00
Funding for measures installed	£498,802.00
DWP benefit gains	£266,336.00
Other Income Maximisation (e.g Council Tax Reduction)	£25,110.00

1,593 residents benefitted from help and advice on how to keep their homes healthy and warm along, with signposting to other services such as food banks.

- 3.4 The 3-year Affordable Warmth Programme was established in 2019 with an initial capital investment of £250,000. In February 2020, an additional £150,000 was approved to be added due to the success of the scheme in it's first 2 years of operation.
- 3.5 Four distinct work programmes were designed to link in with external sources of funding at that time and to introduce assistance to residents with long-term illnesses made worse by living in a cold home.
- 3.6 The original proposal was to carry out works to a minimum of 106 households, equating to an average capital spend per property of £2,358 over the three-year period. The actual number of households benefitting to date has been 213 with an average capital spend of £1,597.
- 3.7 The total value of works under the programme so far is £613,637 and a total of £273,460 of external funding has been accessed including any customer and landlord contributions.
- 3.8 The first 2 years of the programme have been independently evaluated by National Energy Action (NEA) who have reported that residents have felt demonstrable benefits to their health from having their heating systems upgraded or replaced or insulation installed. One resident, with depression, arthritis and COPD approached the Council when her heating broke down and told us that it was *“awful, absolutely awful. I wasn't well and my symptoms were getting worse... I was staying in bed all the time with a hot water bottle”*. The Affordable Warmth Programme provided funding to install a new boiler and the resident's feedback was *“I get up the morning, have a hot bath... my friends and family can see what difference it's made to me... I'm over the moon to be honest”*.

- 3.9 The “Sustainable Warmth – Protecting Vulnerable Households in England” strategy sets out the Government’s commitment to tackling fuel poverty and helping the most vulnerable by increasing the energy efficiency of homes, reducing the cost of bills, contributing to Net Zero targets, and supporting low-income households in the transition to low carbon heating.
- 3.10 The Sustainable Warmth competition was launched in June 2021 and offered local authorities the opportunity to bid for a share of £350M allocated to tackle fuel poverty by the installation of energy efficiency measures and low carbon heating.

The programme is split in to 2 distinct strands:

- Local Authority Delivery Phase 3 (LAD3); and
- Home Upgrade Grant (HUG).

- 3.11 The bid proposal for the Council to access a portion of this funding was submitted to the Department of Business, Energy and Industrial Strategy (BEIS) on the 4<sup>th</sup> August 2021 and consists of 460 properties under LAD3 and 21 properties under HUG. The funding bid was successful and the full allocation of £5.3M has been awarded.
- 3.12 The Memorandum of Understanding associated with the funding has been signed and returned to BEIS, in accordance with their deadline of the 15<sup>th</sup> November 2021. The grant will be transferred to the Council during December.

## **4. PROPOSAL AND JUSTIFICATION**

### **Proposal – Warm Homes Service**

- 4.1 As this single point of access and support is now embedded across the wider system, it is recognised that this is a valuable offering that needs to be retained beyond the current funding from the Warm Homes Fund.
- 4.2 The existing telephone number and email address will be transferred into the Sustainability & Climate Change Team from 4<sup>th</sup> January 2022 so that it joins with the other work being undertaken by the team on the Warm Homes agenda.
- 4.3 The temporary Warm Homes Officer posts will deliver the warm homes support and advice along with technical assessments and administrative duties relating to the Sustainable Warmth scheme.
- 4.4 The Warm Homes Officer posts will end on 31<sup>st</sup> March 2023 and so alternative means of funding this is needed to ensure this important support can continue to be offered in the future.

### **Proposal – Affordable Warmth Programme Update**

- 4.5 The current programme finishes on 31<sup>st</sup> March 2021. Although there is a need to transition to low carbon heating, there will be a need to have an emergency gas boiler scheme in place like this for those most vulnerable for some time yet and so additional funding is sought to continue the programme from April 2022.

- 4.6 The Cost of Living Household Support Grant has been identified as a possible source for a further 12 months beginning next year.
- 4.7 Discussions are being held to look at the potential to access Better Care Funding for a longer-term solution to ensure that the Council can continue to support the most vulnerable residents who are at risk of suffering the effects of living in a cold home.

### **Proposal – Sustainable Warmth Funding**

- 4.8 Under LAD3, 400 privately owned properties, 50 privately rented properties and 10 social housing properties have been outlined in the bid and will receive a combination of different measures according to the requirements from an initial energy assessment. Measures to be delivered include external wall insulation, cavity wall insulation, loft insulation, underfloor insulation and room in roof insulation. High retention storage heaters and air source heat pumps will be available where the cost fits within the grant and a small number of single glazing upgrades to double glazing, and energy efficient doors will be offered but only in conjunction with other works. In each case, insulation measures will be given priority to comply with a “fabric-first” approach.
- 4.9 The funding will only be available to private landlords who are part of the Council’s Landlord Accreditation scheme.
- 4.10 Under HUG, 21 privately owned properties have been outlined in the bid and will receive the same combination of measures as LAD3 but the maximum grant allowance of £25,000 per property should allow both insulation and heating to be upgraded.
- 4.11 A waiting list is being compiled following continued calls in to the Council from the initial mailout in March that advertised the first Local Authority Delivery (LAD1) scheme. There are 119 households already registered on this list and a further marketing campaign will be launched over the winter months. This will tie into the additional support that will be available through the Household Support Grant programme, with the intention being to offer free insulation to anyone who receives a payment to clear energy debt.
- 4.12 A social media campaign will be launched to promote the availability of the funding and on-going updates. However, it is recognised that key target groups are often digitally excluded and so engagement will take place at local events, via area councils and through published literature alongside the social media activity. Existing channels will also be used to promote the funding, including training courses on fuel poverty, team meetings with key services, enforcement officers, landlord groups and health colleagues.
- 4.13 The scheme will be delivered by approved contractors appointed via our Dynamic Purchasing System (DPS) for energy efficiency retrofit works.
- 4.14 Part of the funding secured is for administration costs, which will allow three new Warm Homes Officers to be recruited on a temporary basis, to assist with the eligibility checks and assessments, act as point of contact whilst works are

underway and provide additional support to residents benefitting from the scheme in the form of income maximisation checks, general energy efficiency advice and advice on other support available through the Cost of Living Crisis Household Support Grant.

- 4.15 An impact assessment, compiled in conjunction with National Energy Action (NEA), will be conducted with every resident benefitting from the scheme and this data will then be analysed to provide a full scheme evaluation once works are completed. These results will then help shape the design and delivery of any future schemes as well as assist with bids for other potential sources of funding.

### **Justification**

- 4.16 All three areas highlighted are the key components of the Council's current approach to tackle fuel poverty, provide warm, healthy and sustainable homes for residents and reduce carbon emissions from housing stock. There are no other programmes that offer practical solutions to tackle fuel poverty, rising energy costs and excess winter deaths caused by living in a cold home.
- 4.17 According to the latest figures from BEIS, there are 10,266 households in fuel poverty in the borough, equivalent to 9.7% of all households although this figure does increase in some areas. The Council's Energy Strategy 2015-2025 lists reducing the incidence of fuel poverty across the borough as one of its key objectives. The Council's Barnsley 2030 Strategy has a key theme of Sustainability and the aim to provide a warm, healthy and sustainable home for all residents and tackling fuel poverty and health inequalities will be a key part of achieving this. The funding will also help to achieve the targets set out in the Council's Tackling Excess Winter Deaths Plan 2018-2021 relating to the outcome to "Improve Cold Homes and Energy Efficiency".
- 4.18 The additional funding will help us to strengthen our local evidence base around the links between health and housing, with a view to attracting more funding in the future.
- 4.19 Participating in the Sustainable Warmth scheme and procuring contractors via our DPS will help to build the local green supply chain by adding to the pipeline of works we have in delivery. It provides a good opportunity to develop new partnerships directly with local and national contractors alike and prepare for the challenge of bringing all homes in the Borough up to EPC Band C by 2050 via a long-term retrofit programme.

## **5. CONSIDERATION OF ALTERNATIVE APPROACHES**

- 5.1 That the Warm Homes function is concluded when the current funding expires. This is not recommended given the success of the scheme and the need that exists for this type of support, especially at a time when the cost of living is increasing, and people continue to have to choose between heating and eating.
- 5.2 That the Affordable Warmth Programme is not continued beyond 31<sup>st</sup> March 2022, and for the Council to stop funding the installation and replacement of gas boilers and heating systems in private sector housing as part of its shift towards the Zero40/ 45 priorities. This is not recommended as the transition away from gas is

expected to take around ten years and residents eligible for support through this scheme require immediate assistance.

- 5.3 That the offer of funding via the Sustainable Warmth scheme is not accepted. This is not recommended as the funding is specifically designed to alleviate fuel poverty in the Borough and links in directly with the ambition to provide warm, healthy and sustainable homes for residents.

## **6. IMPLICATIONS FOR LOCAL PEOPLE/SERVICE USERS**

- 6.1 The availability of the Warm Homes support directly impacts those residents who are struggling to pay energy and household bills. It helps people to access grants to improve their homes, increase their income via benefit maximisation and access other Council services to help to improve their situation.
- 6.2 The availability of the Affordable Warmth Programme funding directly impacts those residents whose gas boiler has broken down, they are without heating and hot water and have no means to pay for a replacement. Quite often the people accessing this scheme have long-term health conditions and need urgent assistance. It helps people to have their heating fixed quickly to ensure that their homes are heated to an acceptable level.
- 6.3 The availability of the Sustainable Warmth funding directly impacts residents who are living in a cold home because of a lack of adequate energy efficiency measures. It will improve their comfort, the condition of their property and any existing health conditions that improve from living in a warm home.

## **7. FINANCIAL IMPLICATIONS**

- 7.1 Consultations have taken place with representatives of the Service Director – Finance (S151 Officer).
- 7.2 This report combines the request to accept the grant funding for the Sustainable Warmth Programme and the creation new posts to deliver the scheme.

### Capital Grant

- 7.3 The funding awarded from the Sustainable Warmth Programme is a combination of Local Authority Delivery (LAD3) Programme and HUG, which represents £5.313M of capital grant income to the Council, together with an estimated £0.150M of third party contribution match funding to deliver a total £5.463M Green Homes project.
- 7.4 The Grant funding combines two fuel poverty schemes of LAD & HUG with the funding split based upon which properties are on and off the mains gas grid with the LAD grant of £4.791M for on grid and the HUG grant of £0.522M for properties off grid.

7.5 The table below provides a breakdown of how these resources will be utilised by the property tenure type:

Funding Analysis by Tenure			
Property Tenure Type	Grant Funding	Match Funding	Total Scheme Funding
Owner Occupied - (400 Properties)	£4,500,000	£0	£4,500,000
Private Rented (50 Privately Rented)	£250,000	£125,000	£375,000
Social Rented – (10 HRA Council Owned)	£50,000	£25,000	£75,000
Admin Allowance	£513,481	£0	£513,481
<b>Total</b>	<b>£5,313,481</b>	<b>£150,000</b>	<b>£5,463,481</b>

7.6 The current estimated programme of works as described by the awarding body for installing energy efficiency measures for the project is shown and described in the tables below:

Measure to be Installed	No of Measures	Avg. Cost per Measure	Total Cost of Installations and Upgrades
External Wall Insulation	408	£8,000	£3,264,000
Cavity Wall Insulation	55	£1,200	£66,000
Underfloor Insulation	80	£2,000	£160,000
Loft Insulation	340	£700	£238,000
Draught Proofing	310	£150	£46,500
Air Source Heat Pumps	62	£9,000	£558,000
High Retention Storage Heaters	58	£4,500	£261,000
Double Glazing	55	£3,500	£192,500
Room in Roof Insulation	33	£4,000	£132,000
Energy Efficient Doors	32	£1,000	£32,000
<b>Total</b>	<b>1,433</b>		<b>£4,950,000</b>

Administration Costs	£
Procurement	£40,352
Database Dev	£20,000
PM x 1	£78,720
PO x 2	£56,896
WH caseworkers x 3	£170,688
Housing / CC	£100,000
Comms support (6 months)	£12,000
Social media campaign	£2,000
QS Support	£12,825
Training	£20,000
<b>Total Administration Costs</b>	<b>£513,481</b>

<b>Total Project Costs</b>	<b>£5,463,481</b>
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7.7 It should be noted that the key condition of receiving this grant is that it is required to be spent by **31<sup>st</sup> March 2023**. Failure to do so, would result in potential grant clawback to the Government. Officers will monitor the actual expenditure periodically to minimise the risk of potential clawback.

### Additional Posts

- 7.8 As part of the grant funding bid, the Council is proposing to recruit three Warm Homes officers on a temporary, fixed term basis, to deliver this scheme. The cost of these posts, together with remainder of the administration costs, will be fully funded from the grant as detailed above. There are no ongoing financial implications from a revenue perspective, following the delivery of this scheme.

### Warm Homes Service Transfer

- 7.9 The transfer of the Warm Homes Service from the ABLE service in Communities to the Sustainability & Climate Change Team in Place falls within officer delegated authority and for the purpose of this report, is for information purposes only. There are no financial implications as a result of this transfer.
- 7.10 The financial implications of these proposals are summarised in the attached Appendix A.

## **8. EMPLOYEE IMPLICATIONS**

- 8.1 Administration of the Sustainable Warmth scheme and funding will be managed in part by existing resource in the Housing and Climate Change team and in part by the additional 3 temporary officers.
- 8.2 Administration of the Affordable Warmth Programme will be managed by existing resource in the Housing and climate Change team.

## **9. COMMUNICATIONS IMPLICATIONS**

- 9.1 Promotion of the Sustainable Warmth scheme will take place following the production of a comms plan in conjunction with the Council comms team. Funding is available up to the value of £12,000 for 6 months of comms support; specifically to promote this scheme.
- 9.2 Promotion of the Warm Homes function and Affordable Warmth Programme will fall into the existing schedules and resource is already place for the marketing requirements around this.

## **10. CONSULTATIONS**

- 10.1 Consultation has taken place with colleagues in Legal, Finance, Procurement, the Able service and Berneslai Homes.
- 10.2 Consultation has taken place with Equality & Inclusion Officers.
- 10.3 Consultation has taken place with the Financial Resilience Sub-Group.

## **11. THE CORPORATE PLAN AND THE COUNCIL'S PERFORMANCE MANAGEMENT FRAMEWORK**

- 11.1 The delivery of works associated with this funding will help to achieve corporate performance indicator CO3 - Increase in energy efficiency of private sector homes.

## **12. PROMOTING EQUALITY, DIVERSITY AND SOCIAL INCLUSION**

- 12.1 An Equalities Impact Assessment has been completed with Equality and Inclusion Officers.

## **13. TACKLING THE IMPACT OF POVERTY**

- 13.1 The delivery of works associated with this funding will tackle the impact of poverty relating to heating costs and energy bills.

## **14. TACKLING HEALTH INEQUALITIES**

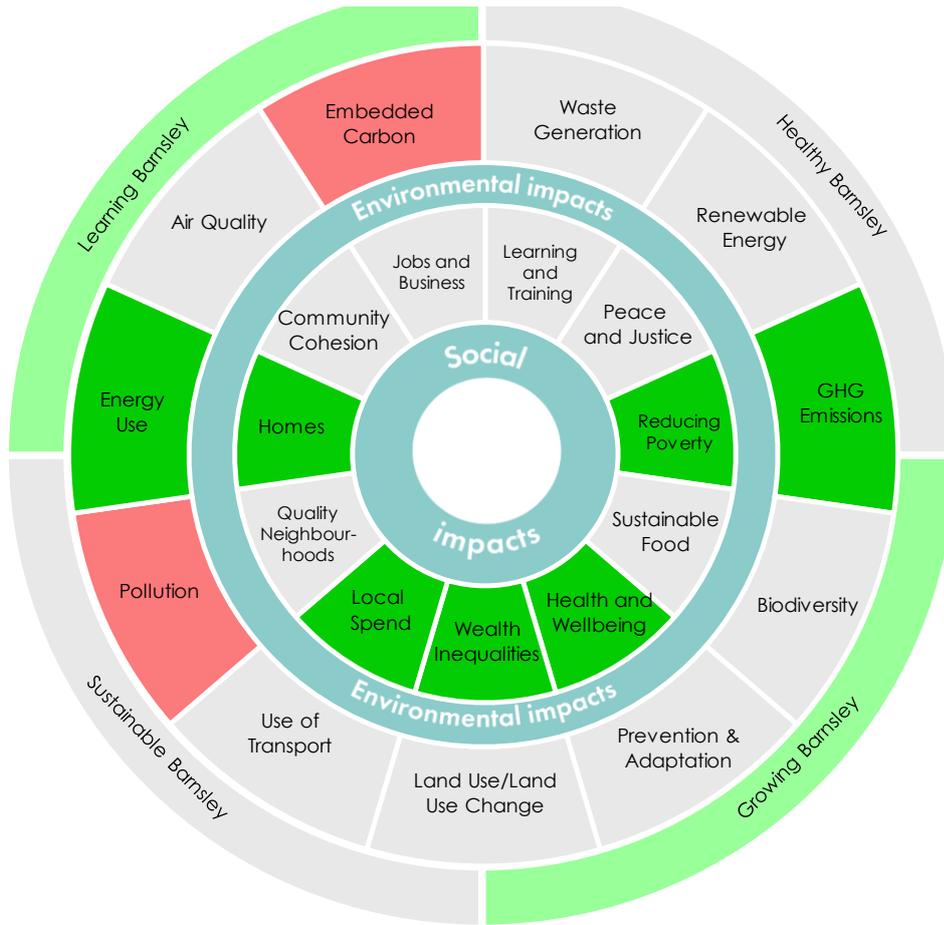
- 14.1 The delivery of works associated with this funding will help to tackle the wider health impacts of living in a cold home, such as respiratory, heart and mental health conditions. An impact assessment will be conducted before and after works are completed to record the impact on the resident and this will be collated with health impact assessments from other fuel poverty initiatives to form a local evidence base which can then be presented to health colleagues and organisations to encourage further investment in tackling cold homes.

## **15. RISK MANAGEMENT ISSUES**

- 15.1 The funding can only be used for the purposes specified in the bid. If funding is used for other purposes, then BEIS can reclaim the relevant amount of funding paid. This is mitigated by having an agreed specification in place for the appointed contractors to work to.
- 15.2 The Sustainable Warmth funding has to be spent by 31<sup>st</sup> March 2023 and so timescale for delivery is limited. This has been mitigated by early consultation with colleagues if procurement so that the tender exercise via the DPS can begin in January 2022, with the aim of completion within 6 to 8 weeks. This will mean works will be able to commence from 1<sup>st</sup> April 2023.

## **16. SUSTAINABILITY ISSUES**

- 16.1 The sustainability wheel has been produced for this project and the overall impacts are positive, particularly around reducing carbon emissions, reducing poverty and improving health and well-being of residents.
- 16.2 Pollution from the insulation manufacturing process along with embedded carbon in the supply chain are highlighted as areas of negative impact. However, work is ongoing with the procurement team to address how we can build a more sustainable supply chain going forwards.



## LIST OF APPENDICES

Appendix A: Financial Implications

Appendix B: Signed MOU

Appendix C: Warm Homes Office draft job specification

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