



Northumberland County Council

CORPORATE SERVICES AND ECONOMIC GROWTH OSC – 11TH JULY 2022

Green Homes Grants (Warmer Homes) Update

Report of: Matt Baker, Service Director for Climate Change, Business Intelligence and Corporate Performance

Cabinet Member: Cllr Glen Sanderson, Leader of the Council and Lead member for Climate Change

Purpose of report

1. To provide an update on the Green Homes Grant delivery and advise of progress since the funding approval in November 2021.

Key Notes

It is requested that Oversight and Scrutiny Committee note the following:

1. For the purposes of public engagement, all Northumberland County Council managed funding streams aligned to domestic retrofit are being branded as Warmer Homes.
2. The delivery model from our initial funding rounds has been revised and an internal delivery function, that will be managed by the Housing team, has been recruited.
3. Internal processes and operations have been put in place to provide a more connected journey for residents.
4. Public engagement has commenced with two in person events and further direct engagement is planned, working closely with elected Members.

Executive Summary

The Department of Business, Energy and Industrial Strategy introduced a series of funding streams to improve energy efficiency of low income and low energy performance homes with a focus on energy performance certificate (EPC ratings of E, F or G). This will help to reduce fuel poverty and deliver towards the UK's commitment to net zero by 2050, and the NCC commitment for net zero by 2030.

NCC Have been successful in drawing in £11.8 million across four rounds of funding to support domestic retrofit. The first round of funding known as Local Authority Delivery Round

1B (LAD1B) has been partially delivered by Eon as a turnkey solution. The future delivery of the schemes will be managed in-house with a collaborative approach between the Climate Change Team and the Housing team. The in-house approach is allowing NCC to work directly with residents and communities to identify the best solutions to support them.

A multi-channel engagement strategy is underway with face-to-face events happening in pilot locations across the county, a web presence and links to local and parish councils.

To date our initial phase of work has delivered energy saving measures into 137 low-income, energy inefficient homes with Eon. The funding that the climate change team has brought in can facilitate another 853 homes receiving measures across the county between now and 31st March 2023.

Warmer Homes Delivery Strategy

The turnkey delivery solution offered by Eon served a purpose, allowing NCC to mobilise and act on the very tight timescales imposed under LAD1B. However, during the relationship several key issues emerged.

1. Lack of control over the project and processes – residents would call Eon rather than NCC and limited data on who was in the process, at what stage and specific circumstances requiring support were shared. This led to a number of instances of residents directly calling NCC frustrated with the process but officers were limited in their ability to support other than to chase individual cases back through Eon.
2. Costs and value for money – a key requirement of the funding and a core tenant of Local Government working is to prove value for money. While the grant funding covered all of the administrative and delivery costs incurred by Eon, certain aspects of the administration and capital delivery did not appear to provide value against the market. A specific example was the cost of solar PV. Based on soft market testing and previous experience the cost was two to three times the expected costs for the size of solar array being installed. Despite discussions with Eon senior management and their quantity surveyor, this discrepancy was not resolved.
3. Speed of delivery – Eon helped write the initial bid for funding, which through their own recommendations involved a significant proportion of solar PV being installed. Their solar installation rates per week failed to achieve a level capable of achieving the total number they had placed in the bid. This has resulted in residents becoming frustrated with the process.
4. Sub-contracting arrangements – The contracting and sub-contracting arrangements become very protracted in the process. At one stage there were four levels of sub-contract arrangements for some elements. This meant that NCC had little control over the quality and workmanship of the measures installed into residents' homes. Further to this, a number of residents have provided feedback stating that the surveyor that came to their properties flew to the area from Bristol, took their personal eligibility information and flew back the same day. Residents were naturally concerned both about the endorsement of air travel for a climate change alleviation project and that their details were being held by contractors from outside of the area who were not directly employed by NCC or Eon.

- Take-up – feedback from residents has also suggested that a Private Sector led approach may have impacted Eon, as it made some residents sceptical as to whether the scheme was in fact 100% grant funded.

The delivery from Eon has yielded 345 applications, of which 137 went through to delivery.

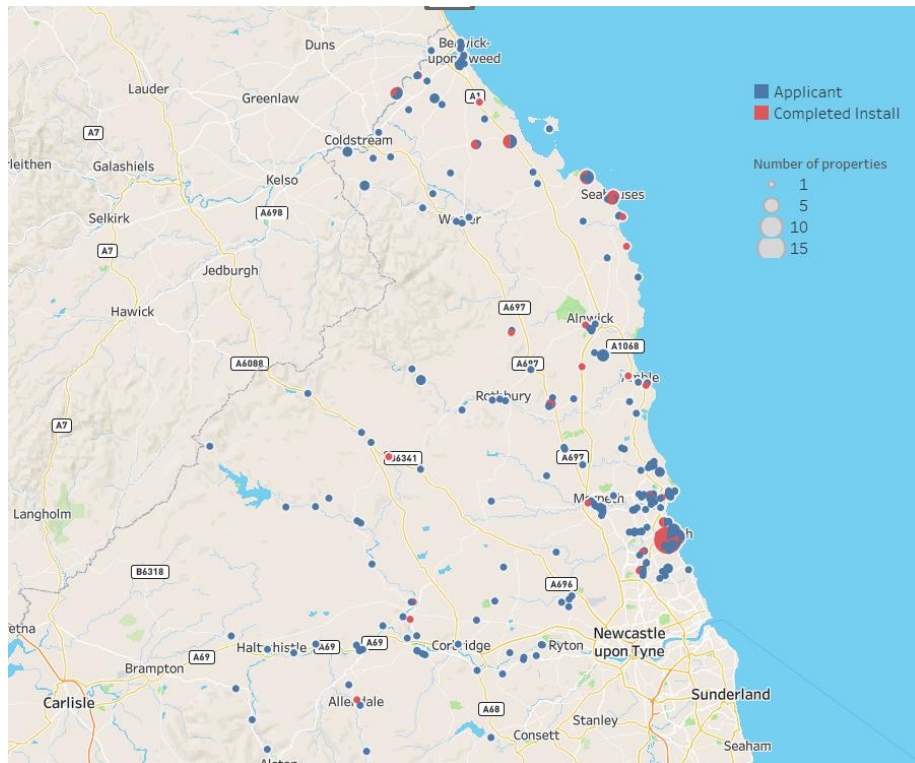


Figure 1. A map of the applications and installations undertaken by Eon during the LAD1b delivery

Moving Forward

Following the learning from our initial phase of delivery via Eon we have elected to change the delivery model and focus of future delivery utilising internal resources for key elements of the project. The £11.8million brought in has a significant administration budget available.

Project Name	Total Grant Value (£)	Match Funding (£)	Total Project Value (£)	Admin allocation (£)
LAD1b	2,923,176	505,237	3,428,413	322,521
LAD2	2,214,042	0	2,214,042	248,514
LAD3	2,116,541	0	2,116,541	317,433
HUG	3,509,867	0	3,509,867	528,830
SHDF ¹	1,035,933	566,299	1,602,232	237,130
Total	11,799,559	1,071,536	12,871,095	1,654,428

Table 1. Totals of the funding drawn into NCC through bids to government funding that will be delivered as the Warmer Homes programme

¹ Social Housing Decarbonisation Fund (SHDF) is a consortium bid between Northumberland County Council, Karbon Homes and Bernicia Homes. Table 2 details the funding split between the consortium parties.

The £505,237 match funding for LAD1 is contained within the approved capital programme however it is the intention to utilise some of this match funding against the LAD2 delivery as this maximises the chances of a high rate of delivery. However, separate approval will be sought for the funding reallocation.

Provider	Capital			Admin 14.8%			Match Funding Total
	Total	Grant	Match	Total	Grant	Match	
Bernicia	£143,900	£95,933	£47,967	£21,297	£14,198	£7,099	£55,066
Karbon	£566,168	£370,000	£196,168	£83,793	£55,862	£27,931	£224,099
NCC	£892,164	£570,000	£322,164	£132,040	£88,027	£44,013	£366,177
Total	£1,602,232	£1,035,933	£566,299	£237,130	£158,087	£79,043	£645,342

Table 2. Breakdown of the funding under Social Housing Decarbonisation Fund (SHDF) and the split between the consortium partners

The £322,164 capital match funding contribution from the council shown in the table above is contained within the approved capital programme. The revenue match funding contribution from the council is contained within the existing revenue budget.

During the initial phase of delivery, LAD1b, it was identified that the turnkey approach was very costly to the administrative budget as well as the capital budgets. It was therefore identified that by bringing a team in house NCC could deliver the schemes over a longer period of time with a greater level of control, at a lower cost and keeping more of the expenditure within the local economy. By being cost effective NCC can seek to deliver more measures into properties across the county and support as many residents as possible within the restrictions of the current scheme.

	LAD1b - EON Completed	LAD1b - remainder	LAD2	LAD3	HUG	SHDF	Total
Social Homes	31		150			120	301
Private Homes	106	168		190	225		689
Total	137	168	150	190	225	120	990

Table 3. Total number of properties supported through the Warmer Homes programme across all funding streams

The above numbers of homes having measures delivered is ambitious for this financial year period. Some properties are receiving multiple measures and hence the total number of interventions is greater than the number of properties having funding provided.

Measures	LAD1b	LAD2	LAD3	HUG	SHDF	Total
ASHP	57	29		100		186
EWI	49		40	20	87	196
Loft insulation			80	80		160
Solar PV	199	121	65	75		460

Underfloor insulation			30	40	30	100
Grand Total	305	150	215	315	117	1102

Table 4. Total number of forecasted measures delivered across the funding streams delivered in the Warmer Homes programme

The interventions above will have a significant carbon saving for the county displayed below.

Measures	LAD1b	LAD2	LAD3	HUG	SHDF	Total
ASHP	82.8	42.1		145.2		270.1
EWI	44.8		36.5	18.3	79.5	179.0
Loft insulation			48.7	48.7		97.4
Solar PV	33.8	20.6	11.0	12.7		78.1
Underfloor insulation			7.3	9.7	7.3	24.4
Grand Total	161.4	62.7	103.5	234.7	86.8	649.0

Table 5. Total carbon savings generated through the delivery of the Warmer Homes programme

The previous marketing strategy relied on direct leaflet drops across Northumberland and then required residents to apply to the scheme via a call centre. To improve the accessibility of the scheme this element of the programme has been taken in house. An online web form has been created, linked to NCC's Lagan system which is used for all resident engagement via the call centre, and a call centre option is available for registration too.

To inform residents of the scheme and how to apply, direct engagement through events supported by local councillors have been set up in pilot locations where the data suggests there may be high levels of eligible residents. The events will provide information to the residents on the eligibility and what can be expected through the Warmer Homes Scheme. It will then be possible for the council to register residents live at the events. This closer engagement is hoped to improve the residents experience and lower the cost of direct mailout marketing.

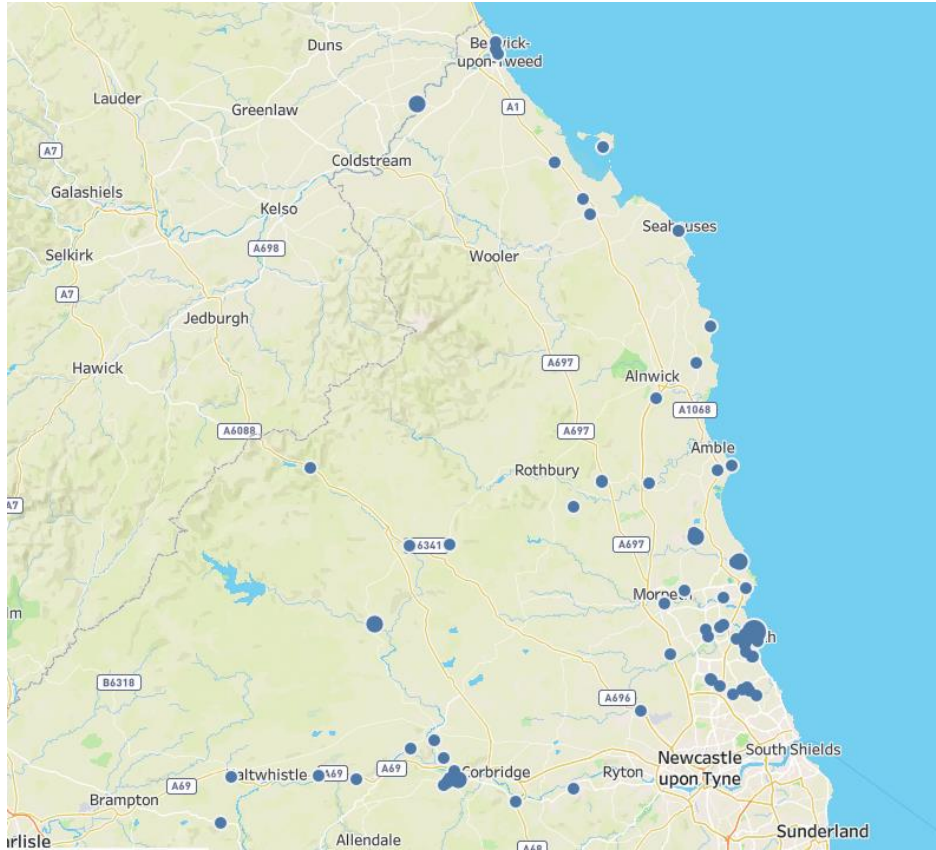


Figure 1. A geographical display of the applications made to the Warmer Homes scheme across Northumberland since the web page went live in April 22

In-house team

Following the approval has given by the Portfolio Holder, CEO and CFO in line with our governance arrangements for externally funded posts in November 2021, the council is on-boarding a retrofit team.

The five fixed term positions will be managed through Housing and will undertake the surveying, eligibility evidence review and post installation inspections. One round of recruitment has appointed three of the five required positions. For the other positions NCC will be reliant on external support until further recruitment can take place. This approach is both more cost effective than external delivery and allows NCC to build up tacit knowledge of the properties within the county and the support requirements needed by our residents.

Post Designation	Band	Gross Salary	NI	NCC Pension	Total
Retrofit Coordinator	Band 8	33,486	3,401	7,032	43,919
Retrofit Designer	Band 7	29,174	2,806	6,126	38,106
Retrofit Assessor	Band 6	25,419	2,288	5,338	33,045
Retrofit Assessor	Band 6	25,419	2,288	5,338	33,045
Community Retrofit Advisor	Band 5	22,571	1,895	4,740	29,206
Total		136,069	12,678	28,574	177,321

Table 6. Costs and grades of the retrofit team created to support the delivery of the Warmer Homes programme

Further to internalising the resident engagement and surveying requirement we are attempting to find methods to work more closely with our local supply chain contractors. North of Tyne are seeking to implement a procurement framework which will be able to be used by local authorities to appoint suitable contractors. It is unlikely this work will be in place until January 2023, but it is hoped it will be an accessible route to appoint local trades and keep the investments made by the Warmer Homes programme within the region.

Longer Term Strategy

Central government has made commitments to release further social housing funding until 2030. While further low income private sector funding has not been announced it is expected that further rounds of Local Authority Delivery and Home Upgrades Grant will be available to continue the existing delivery window past March 2023.

To provide support towards NCC's 2030 carbon neutral pledge, growth in delivery numbers will need to be made year on year for as long as the central government funding is available. The retrofit team will be able to develop further information to support the county wide picture, through the delivery of measures in the current schemes. We are already advocating those properties and households that are ineligible to apply for the scheme to provide additional information and bolster additional bidding into future rounds.

As successful bids are made the internal delivery team can have their contracts extended and where needed the team may expand in line with the additional properties per year required to be retrofitted.

Link to Corporate Plan

The Climate Change programme contributes to all the priorities included in the Northumberland County Council Corporate Plan 2018-2021:

- How - efficient, open and work for everyone: We will listen to and consider public views as we develop and implement our plan and we will empower local communities to do their part to tackle climate change.
- Living - living, safe, healthy and cared for: We will work to reduce the impact of fuel poverty and climate change on community wellbeing.
- Enjoying - love where you live: We will conserve and protect our exceptional natural environment assets.
- Connecting - access to the things you need: We will promote resident access to sustainable transport options and renewable energy sources.
- Learning - achieve and realise your potential: We will encourage the uptake of science, technology, engineering and maths (STEM) skills to support the development of our green economy.
- Thriving - attract more and better jobs: We will position the county as a national exemplar location for renewable and low carbon energy generation and other green industry.

Links to Climate Action Plan:

Priority Action Area 3 - Heating Existing Buildings and New Buildings

Poor energy efficiency in both domestic and non-domestic buildings results in the demand for excess heating. This causes unnecessarily high carbon emissions and energy costs. Without compromising on heating and comfort standards we will work to address this through varied external and internal funding opportunities, partnerships and business case development. This priority can drive clean economic growth.

Implications

Policy	This project helps towards both national and NCC Climate change mediation policies, and towards the NCC corporate plan as detailed above.
Finance and value for money	<p>The project provides financial assistance for homes wishing to improve their energy efficiency.</p> <p>Capital grant funding will be provided from Central Government, supplemented with Northumberland County Council match capital funding, which is contained within the approved capital programme.</p> <p>The administration funding is also provided from the Central Government grant.</p> <p>Capital and Revenue allocations are detailed within the main report.</p> <p>There are no direct financial implications associated with this report.</p>
Legal	Will require legal assistance to approve contracts between NCC and delivery partner.
Procurement	<p>Procurement via an existing framework to appoint a delivery partner for the project.</p> <p>Longer term a framework is in development through North of Tyne Combined Authority, however support will be needed for the immediate tranches of work.</p>
Human Resources	This project will mainly impact the Climate Change Team. However there may be calls to customer services in relation to the project.
Property	Project will improve energy efficiency for privately owned domestic dwellings in Northumberland.
Equalities (Impact Assessment attached) Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> N/A <input type="checkbox"/>	

Risk Assessment	Project risk assessment has been completed in line with the grant funding requirements.
Crime & Disorder	N/A
Customer Consideration	Homeowners wishing to take part in the project will self-refer for works.
Carbon reduction	By improving the energy efficiency of homes in Northumberland the heating demand of the properties will reduce and lead to carbon savings.
Wards	We will target works in the Northumberland LSOAs in the most deprived 10% of the IMD 2019. However, works may take place over the whole county depending on which eligible households self-refer for the project.

Background papers

<https://northumberland365.sharepoint.com/:b:/r/sites/teams.InnovationandImprovement/Shared%20Documents/Climate%20Change%20Team/3.%20Heating/Projects/LAD2/LAD%202%20Delegated%20Decision.pdf?csf=1&web=1&e=trpO3Y>

<https://northumberland365.sharepoint.com/:w:/r/sites/teams.InnovationandImprovement/Shared%20Documents/Climate%20Change%20Team/3.%20Heating/Projects/LAD2/Cabinet%20Report/Final%20Execs%20IC%20Cabinet%20Report%20LAD2.docx?d=wcc03b79cdf70411f891e2ad27b1e177a&csf=1&web=1&e=W3veYa>

Report sign off

Authors must ensure that relevant officers and members have agreed the content of the report:

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