

Cabinet – 18 October 2022

Home Upgrade Grant (HUG) Round 2

Portfolio: Councillor Ali, Portfolio Holder for Customer

Service: Customer Engagement, Childrens Services

Wards: Borough Wide

Key decision: Yes

Forward plan: Yes

1. Aim

To enable the council to bid for Home Upgrade Grant Round 2 (HUGs 2), by the first application deadline of 18 November 2022, in line with the Grants Manual. The funding is to improve the energy efficiency of off gas dwellings in the borough and help tackle fuel poverty, excess winter deaths and domestic carbon emissions.

2. Summary

- 2.1 Cabinet has previously been advised of the council's success in securing a range of grant funds from government under the Local Authority Delivery Scheme (LADs) and HUGs. This work is being delivered via a complaint framework (the "Framework") developed by Fusion 21 which has 3 relevant Lots (external wall insulation, loft insulation & solar PV) that enable direct awards.
- 2.2 The Department of Business, Energy and Industrial Strategy (BEIS) launched HUGs 2 on 29 September 2022 with a first application deadline of 18 November 2022. Whilst they provide a second bid deadline in January 2023 they also indicate that they cannot guarantee funds will remain to award for bids received at that time. Of the £700M of HUGs 2 available nationally only £280M is available for non-rural councils to bid for. It is therefore proposed to bid in time for the November deadline to maximise opportunity of an award.
- 2.3 It is proposed to bid for in excess of £500,000 of HUGs 2 and therefore in line with the Corporate Grant Manual, cabinet authority is required to both bid and act as Accountable Body for any funds awarded.
- 2.3 This is a key decision because if the grant bid is approved by BEIS it will have a significant value and due to the fact that it will have a significant effect on two or more wards.

3. Recommendations

- 3.1 That Cabinet authorise a bid of over £500,000 to be made to The Department of Business, Energy and Industrial Strategy (BEIS) for Home Upgrade Grant Round 2 (HUGs 2).
- 3.2 That Cabinet delegate authority to the Executive Director of Children's Services to enter into the relevant agreements with BEIS if HUGs 2 funding is subsequently approved.

4.1 Report detail - know

Context

- 4.1.1 Walsall has current fuel poverty levels of 19.4% compared to the West Midlands rate of 17.8% and England rate of 13.2%. Walsall is now 10th nationally for levels of fuel poverty. Officers and partners have continued to tackle fuel poverty and domestic carbon emissions through a range of activities including securing grant funding for residents (directly and indirectly) and supporting collective fuel switches.
- 4.1.2 The council successfully secured £1.57M of HUGs 1 funds which are currently being delivered with a deadline of end of March 2023. The proposed HUGs 2 bid will complement this ongoing work and if successful funds will assist low income households (household income of less than £31,000) who live in an off gas grid network home. The retro-fit works will be individually determined via government standard PAS2035 Retro-fit Assessments and will be directed at dwellings where the Energy Performance Certificate (EPC) is rated between D and G.

4.2 Council Corporate Plan priorities

- 4.2.1 The proposal is in accordance with the:
 - a) Housing Strategy (2020-2025), which highlights that the council is committed to improving the condition of homes in the borough; and
 - b) council's Home Energy Conservation Act (HECA) Action Plan July 2022, which seeks to reduce fuel poverty and tackle domestic carbon emissions.
- 4.2.2 Securing external capital funding to tackle fuel poverty and domestic carbon emissions is in line with the 'Our Council Plan 2022-25' in particular:
Communities: Empower our communities so that they feel they are connected and belong in Walsall, creating safe and healthy places whilst building a strong sense of community.

4.3 Risk management

- 4.3.1 The risks associated with bidding for HUGS2 is considered to be minimal. BEIS have developed a new approach to award of grant funding where once a council has been approved 'for funding' they will then submit 'batches' of eligible properties for specific consideration. In this way only projects that are ready to commence will be funded and it will prevent the need for funding clawback. BEIS are also allowing for advanced design and administration separate to the capital funds and this will help significantly in the development of batches of dwellings.

- 4.3.2 The council has previously accessed a complaint framework (the “Framework”) developed by Fusion 21 which has 3 relevant Lots (external wall insulation, loft insulation & solar PV) that enable direct awards. This is being used for LADS and HUGs1 schemes and is proposed to be used for HUGs 2 if funds are approved.
- 4.3.3 In line with BEIS and HUGs criteria, the council will only pay funds to contractors once clear evidence has been provided to the council by them of:
- works being completed to individual properties including, but not limited to, pre and post EPCs; and
 - that the programme average allocation does not exceed the HUGs 2 limits.
- 4.3.4 Framework contractors will have a separate legal agreement with their own sub-contractors / installers and with each resident household.

4.4 *Financial implications*

- 4.4.1 The bid to BEIS for HUGs 2 is being developed to maximise the number of homes that can be assisted, as at 5 October 2022, it is anticipated to be in excess of £3M.
- 4.4.3 As indicated at 4.3.1 BEIS have developed a new approach to provision of any approved funds where ‘draw-down’ from them will occur in batches rather than a single large grant award.
- 4.4.2 As indicated in 4.3.3 funding will only be released by the council to contractors upon evidence of the completion of relevant works to qualifying dwellings.

4.5 *Legal implications*

The Corporate Grant Manual requires that grant bids in excess of £500,000 are approved by cabinet before being made and that authority is also given for the council to act as accountable body if funds are subsequently approved. This report satisfies these requirements.

4.6 *Procurement Implications/Social Value*

- 4.6.1 If HUGs 2 is approved by BEIS the Framework is expected to be accessed and this has been tendered in compliance with the Public Contracts Regulations 2015 and is authorised for use by the council.

4.7 *Property implications*

There are no direct property implications for the council because no council housing stock is eligible for assistance under HUGs 2.

4.8 *Health and wellbeing implications*

- 4.8.1 The HUGs 2 will directly benefit fuel poor households in Walsall and help take them out of fuel poverty. Fuel poverty affects health by increasing illnesses and making

some illnesses worse. Ill health can cause stress and impact on other parts of resident's life such as jobs, education and social life, for example:

- Cold related illnesses;
- Respiratory illnesses;
- Allergies;
- Increased risk of heart attacks and strokes.

4.8.2 Previous council research undertaken has highlighted that undertaking home insulation and/or heating upgrades has a statistically significant positive impact on mental well-being.

4.8.3 Retro-fit and assessment work will continue to be undertaken with residents in a Covid-safe manner and this will continue with all subcontractors and specialist installers.

4.9 *Staffing implications*

The HUGs 2 criteria permits the funding of relevant revenue costs in the development and delivery of eligible property batches and in monitoring of the programme. This funding will be used to secure services such as relevant retro-fit assessments, up to date EPCs, planning permission and building regulations approval (where required) It will also fund staff within Housing Standards and Improvement who will directly manage the delivery of HUGs 2 and will submit relevant monitoring returns to BEIS.

4.10 *Reducing Inequalities*

4.10.1 The implications for reducing inequalities have been taken into account and assessed. The proposal is in accordance with the council's approved Renewal Assistance Policy (for which an EQIA already exists).

4.10.1 The key HUGs 2 grant criteria is property specific i.e. the dwelling must have a low rated EPC and must be off the gas network, this effectively 'leads' the prospective direction of grant funding. Occupiers of target dwellings will need to be in fuel poverty to meet the remaining HUGs 2 criteria and the scheme will directly help them move out of fuel poverty and reduce the risk of excess winter deaths caused by cold and damp homes.

4.11 *Climate Change*

Domestic related carbon emissions have reduced in Walsall from 609 Kt CO in 2009 to 352 Kt CO in 2019 (latest figures) a drop of 42% which mirrors the regional and English reductions. The proposal will help continue to reduce domestic related carbon emissions in the borough through improving the energy efficiency of dwellings.

4.12 *Consultation*

4.12.1 The Housing Standards and Improvement Service has undertaken a range of consultation activities with residents of prospective target HUGs 2 dwellings. Promotion of the scheme will continue to take place if funds are awarded with local ward councillors and community representatives to maximise expressions of interest from residents in the target areas.

5. Decide

- 5.1 An alternative to the recommendation in this report is not to bid for HUGs 2 funding, but this would not enable a range of households to be supported to move out of fuel poverty.
- 5.2 Cabinet is requested to approve the recommendations made in section 3 of this report.

6. Respond

- 6.1 In the event that Cabinet approves the report a bid will be developed and submitted to BEIS for the maximum considered viable (currently estimated at circa £3M).

7. Review

- 7.1 The Housing Standards and Improvement Service continues to review progress on tackling fuel poverty and reviews, at least annually, statistics relevant to this field and updates the corporate HECA Action Plan.
- 7.2 In line with HUGs 2 funding criteria, regular monitoring reports will be submitted to BEIS as required.

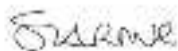
Background papers

None

Authors

David Lockwood
Manager Housing Standards and Improvement
✉ david.lockwood@walsall.gov.uk

Mark England
Project Officer
✉ mark.england@walsall.gov.uk



Signed
Sally Rowe
Executive Director
Childrens Services



Signed
Councillor G Ali
Portfolio Holder Customer