

Decision Pathway Report



PURPOSE: Key decision

MEETING: Cabinet

DATE: 03 March 2022

TITLE	Domestic Energy Upgrade of Low Income Homes		
Ward(s)	Citywide		
Author: Hannah Spungin	Job title: Programme Manager Energy Service		
Cabinet lead: Cllr Nicola Beech, Cabinet Member Climate, Ecology, Energy and Waste	Executive Director lead: Stephen Peacock, Executive Director Growth and Regeneration		
Proposal origin: BCC Staff			
Decision maker: Cabinet Member Decision forum: Cabinet			
Purpose of Report: This report sets out actions to deliver key commitments within the One City Climate Strategy to: <ol style="list-style-type: none">1. Decarbonise heat with the and the city2. Use grant funding to make capital investments in buildings to reduce their energy demand Cabinet is asked to <ol style="list-style-type: none">1. Accept UK Government grant funding applied for and permission to apply for further funding under the Sustainable Warmth Scheme			
Evidence Base: <ol style="list-style-type: none">1. Bristol City Council declared a Climate Emergency in November 2018 and the Mayor published his initial Action Plan in July 2019, including a commitment for Bristol City Council to be carbon neutral for its direct emissions by 2025.2. Bristol City Council developed and endorsed the One City Climate Strategy February 2020 committing to decarbonisation actions within its own estate and the city.3. Bristol City Council approved its Climate & Ecological Emergency Programme on 3rd November 2020 to help implement the strategy, including a key objective of the council leading the city by example.4. 13.8% of homes in Bristol are in fuel poverty, that represents 27,615 households in the city (LILEE Sub-regional data 2019). Private Homes <ol style="list-style-type: none">5. In February 2021 the council was awarded £2.6million in grant funding to deliver energy efficiency improvements to homes under the Green Homes Grant Local Authority Delivery (LAD). BEIS subsequently increased funding for this scheme by £0.756m which was noted in the October 2021 Finance report to Cabinet.6. The Sustainable Warmth Competition is a new round of the Green Homes Grant LAD funding and Homes Upgrade Grant (HUG) awarded by central government for energy upgrades and improvements to private households with poor energy efficiency and low incomes.7. Bristol City Council submitted a consortium bid in August 2021 under delegated authority from Cabinet paper "Delivery of Energy Efficiency and renewable energy measures to reduce fuel poverty, household expenditure and carbon emissions" (Link below). The consortium was with North Somerset, and Bath and North East Somerset (B&NES) and the total bid was for £12.9 million. The bid is an 100% grant funded			

programme to support households with energy efficiency measures and low carbon heating.

8. In January 2022 BEIS has come back to Bristol and offered a reduced amount of funding to the sum of £3.64 million for the proportion of the bid that was for the Home Upgrade Grants (HUG). Specifically focused on the improvement of electrically heated homes on low incomes with poor energy efficiency ratings.
9. The revised proposal would see £3 million being delivered in measures across the region and £1 million being invested in Bristol directly supporting the upgrade of 50 plus homes.
10. If agreed by BEIS the funding will be transferred in April 2022.
11. The funding will be subject to a Memorandum of Understanding (MOU) with BEIS which will agree the terms of the spending and the return of any unspent grant at the end of the programme.

Cabinet Member / Officer Recommendations:

That Cabinet:

1. Authorise the Executive Director for Growth and Regeneration, in consultation with the Cabinet Member for Climate, Ecology, Energy and Waste and the s151 Officer, to (if successful), enter into a grant agreement to accept and spend £3,640,592 Sustainable Warmth Grant (HUG 1) awarded by central government to Bristol City Council to deliver energy efficiency and renewable measures to low-income private households with poor energy efficiency ratings.
2. Authorise the Executive Director for Growth and Regeneration, in consultation with the Cabinet Member for Climate, Ecology, Energy and Waste and the s151 Officer, to bid for, enter into a grant agreement to accept, and spend any additional funding or extensions offered on the Sustainable Warmth Scheme up to the value of £6 million, provided that the grant conditions remain the same.
3. Authorise the Executive Director for Growth and Regeneration, in consultation with the Cabinet Member for Climate, Ecology, Energy and Waste to procure and award the contract(s) (which may be over £500k) necessary for the implementation of Sustainable Warmth Grant and Green Homes Grant Phase 1b extension, in line with the procurement routes and maximum budget envelopes outlined in this report, noting the associated Legal commentaries.
4. Authorise the Executive Director for Growth and Regeneration to invoke any subsequent extensions/variations specifically defined in the contract(s) being awarded, up to the maximum budget envelope outlined in this report.

Corporate Strategy alignment:

1. Contribution to running Bristol on clean energy
2. Tackle fuel poverty by increasing low-income household's energy efficiency rating while reducing their energy bills
3. Deliver cost effective carbon savings and progress Bristol towards its target for net zero by 2030.

City Benefits:

1. Reduce the council's and city's carbon footprint contributing to sustainability
2. Support economic resilience and a green recovery in response to the economic impacts of Covid-19
3. Use learnings from the delivery experience to inform the development and design of further energy efficiency and heat schemes
4. Support local supply chain growth and job creation in the energy sector
5. Facilitate actions by city partners and citizens to reduce their carbon footprints
6. Deliver external funding for investment in the City.

Consultation Details:

1. Sustainable City and Climate Change Service Manager

2. Head of Service City Leap

Background Documents:

[The Mayor's Climate Emergency Action Plan](#)

[The One City Climate Strategy](#)

[The Climate & Ecological Emergency Programme](#)

[Apply for the Sustainable Warmth competition - GOV.UK \(www.gov.uk\)](#) funding to improve the energy efficiency of low income, low energy efficiency homes.

Fuel Poverty Sub-regional data:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/981910/2021-sub-regional-fuel-poverty-tables.xlsx

[Delivery of Energy Efficiency and renewable energy measures to reduce fuel poverty, household expenditure and carbon emissions](#)

Revenue Cost	Sustainable Warmth Grant ancillaries £0.546m. Bristol £0.4m.	Source of Revenue Funding	100% Grant funded
Capital Cost	Sustainable Warmth Grant overall bid £3.641m. Bristol £0.850m.	Source of Capital Funding	100% Grant funded
One off cost <input checked="" type="checkbox"/>	Ongoing cost <input type="checkbox"/>	Saving Proposal <input checked="" type="checkbox"/>	Income generation proposal <input type="checkbox"/>

Required information to be completed by Financial/Legal/ICT/ HR partners:

1. Finance Advice:

Overview

1. The report is seeking approval to accept the consortium grant funding offered of £3.641m for Sustainable Warmth Grant (HUG 1), to deliver energy efficiency and renewable measures to low-income private households with poor energy efficiency ratings. The 100% grant funding will give Bristol an allocation of £0.850m plus overheads, to help 51 Bristol households.
2. It also seeks delegated authority to bid for and accept any additional funding or extensions offered on the Sustainable Warmth Scheme up to the value of £6m, provided that the terms and condition of the grant are the same.
3. Where Public Sector Decarbonisation Scheme (PSDS) grants need to be applied for, and submitted using the exceptional approvals process, any successful award must be returned via the Decision Pathway process and Cabinet for approval to spend the funds at which point a clear delivery plan should also be outlined.
4. The table outlines the high-level bid overview of the grant across the 3 OLA's:

Sustainable Warmth Grant (HUG 1) Award

January 2022 - Bid Overview

	No. of Homes	£'000
Bristol	51	850
North Somerset	79	1,242
B&NES	52	1,003
	182	3,095
Ancillaries (15%)	0	546
Total Grant Awarded	182	3,641

5. The following key risks and mitigations have been identified for consideration and addressing, before and during the project life cycle. To assist with mitigating some of these risks, the project has been assigned an account manager in BEIS, so should any risks arise, they can assist to ensure planned work can still be delivered.

Risks

1. Time – The current deadline for using the grant is March 2023. This risk is mitigated by the following: A marketing campaign will run alongside the existing delivery to build a pipeline of qualifying installations, the individual installs are small scale, and the volume of installs can be flexed depending on the time available – the grant is not repayable if the full project scope is not delivered. BEIS have also indicated that if there is funding unclaimed and there are potential projects then BCC might be able to negotiate an extension. Although recommendation five, is to arrange to pay back any unspent grant awards if no agreement can be reached with BEIS at the end of the grant funding window.
2. Costs – BEIS state their expectation that costs should be within a pre-agreed average. To mitigate this risk BCC will receive quotes for work, and will reject quotes that are above this threshold, after considering estimates for contingency. BEIS have not stipulated that there is clawback if costs are greater than the average, however, this will need to be reviewed in the final grant offer letter.
3. Price increases - Risk of price increase due to COVID, Brexit and limited supplies has been factored into the average installation cost and contingency allowance.
4. Non-compliance of North Somerset and B&NES with cost/timeline requirements - The bid is a consortium bid, and BCC are jointly reliant on NS and B&NES for their delivery. BCC does not have control over the Other Local Authorities (OLA) delivery. This is mitigated by BCC pursuing an MOU with these OLA's that reflects terms with BEIS. Their section 151 officers are equally asked to provide the approval.
5. Ongoing revenue costs - There are no on-going revenue costs from installation. All warranty costs will be borne by the installation supplier, and repairs and maintenance will be borne by the homeowner. This will be reflected in the terms agreed with the supplier and homeowner respectively. There is therefore no requirement to consider impact to future revenue budgets.

Finance recommends:

1. Accepting the 100% Government grant funding of £3.641m applied for, if bid is successful.
2. Bid for and accept any additional funding or extensions offered on the Sustainable Warmth Scheme up to the value of £6m, provided that the terms and condition of the grant are the same.
3. Risks and mitigations are monitored regularly, identified, and resolved quickly and practically, as part of project management requirements.

Finance Business Partner: Kayode Olagundoye, Finance Business Partner, Growth and Regeneration – 3rd February 2022

2. Legal Advice: The procurement process must be conducted in line with the 2015 Procurement Regulations and the Councils own procurement rules. Legal services will advise and assist officers with regard to the conduct of the procurement process and the resulting contractual arrangements.

Legal Team Leader: Husinara Jones, Team Leader, 21 January 2022

3. Implications on IT: No anticipated impact on IT/Digital Services

IT Team Leader: Gavin Arbuckle Head of Service Improvements and Performance 28th January 2022

4. HR Advice: There are no direct HR implications associated with this paper

HR Partner: Celia Williams – HR Business Partner G&R – 31st January 2022

EDM Sign-off	Stephen Peacock, Executive Director Growth and Regeneration	27th January 2022
Cabinet Member sign-off	Cllr Nicola Beech	24th January 2022

	Cabinet Member for Climate, Ecology, Energy and Waste	
For Key Decisions - Mayor's Office sign-off	Mayor's Office	31st January 2022

Appendix A – Further essential background / detail on the proposal	NO
Appendix B – Details of consultation carried out - internal and external	NO
Appendix C – Summary of any engagement with scrutiny	NO
Appendix D – Risk assessment	NO
Appendix E – Equalities screening / impact assessment of proposal	YES
Appendix F – Eco-impact screening/ impact assessment of proposal	YES
Appendix G – Financial Advice	NO
Appendix H – Legal Advice	NO
Appendix I – Exempt Information	NO
Appendix J – HR advice	NO
Appendix K – ICT	NO
Appendix L – Procurement	NO