

Decision Pathway – Report



PURPOSE: [Key decision](#)

MEETING: [Cabinet](#)

DATE: 24 January 2023

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|--|--|--|--|
| TITLE | Energy Efficiency Measures For Homes | | |
| Ward(s) | Citywide | | |
| Author: Helen Reed | Job title: City Leap Client Function Lead | | |
| Cabinet lead: Cllr Kye Dudd, Cabinet Member for 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 within the city2. Use grant funding to make capital investments in buildings to reduce their energy demand and cost | | |
| 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 Home Upgrade Grant scheme up to 2025.2. Note that it is intended for the scheme to be delivered by Ameresco as the council's City Leap partner | | |
| 1. Evidence Base: | | | |
| | <ol style="list-style-type: none">1.1. Bristol City Council declared a Climate Emergency in November 2018 and the Mayor published his initial Action Plan in July 2019, including an ambition for the city to be carbon neutral by 2030.1.2. Bristol City Council developed and endorsed the One City Climate Strategy February 2020 committing to decarbonisation actions within its own estate and the city.1.3. Bristol City Council approved its Climate & Ecological Emergency Programme on 3 November 2020 to help implement the strategy, including a key objective of the council leading the city by example.1.4. 14.4% of homes in Bristol are in fuel poverty, that represents 27,615 households in the city (LILEE Sub-regional data 2019). | | |
| 2. Private Homes | | | |
| | <ol style="list-style-type: none">2.1. As part of the Heat and Buildings Strategy, Central Government (BEIS) has allocated £950 million to the Home Upgrade Grant (HUG) from April 2022 to March 2025. BEIS have already had two rounds of funding | | |

and intend to open further opportunities to bid for this funding, until all funds have been allocated by 2025.

- 2.2. In February 2021 Bristol City Council was successful in being awarded £3.2million for improving low income, low energy efficiency owner occupied households.
- 2.3. Subsequently, in March 2022 Bristol City Council was successful in being awarded a further £3.6million to support homes without gas central heating that were both low energy efficiency and low-income households. This funding was called the Home Upgrade Grant Phase 1 (HUG1).
- 2.4. Bristol City Council submitted a consortium bid in November 2022 for HUG Phase 2 funding. This was done 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 is with North Somerset, and Bath and North East Somerset (B&NES) councils, and the total bid is for £11.4 million. The bid is an 100% grant funded programme to support households with energy efficiency measures and low carbon heating.
- 2.5. The HUG2 bid proposal will see £10million being delivered in measures across the region. £3million of which will be delivered directly into Bristol.
- 2.6. Should we be successful in our grant application, announcements should be in January, initial funding is transferred from February 2023 and installation starting from March 2023.
- 2.7. The funding will be subject to a Memorandum of Understanding (MOU) with BEIS which will set out the terms of the spending and the return of any unspent grant at the end of the programme.
- 2.8. Installation will be carried out by Ameresco Limited (the strategic partner procured by the council to deliver low carbon energy infrastructure through the City Leap partnership and/or another contractor procured via a regulated procurement.

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 £11,393,650 Home Upgrade Grant (HUG2) awarded by central government to Bristol City Council and its partners 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 Home Upgrade Grant up to end 2025, provided that the grant conditions remain materially the same and it is 100% grant funded.

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 Home Upgrade Grant, 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 in line with the provisions of the grant agreement.

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 over 150 homes in fuel poverty in Bristol and over 500 across the region
3. Support economic resilience and a green recovery in response to the economic impacts of Covid-19
4. Use learnings from the delivery experience to inform the development and design of further energy efficiency and heat schemes
5. Support local supply chain growth and job creation in the energy sector
6. Facilitate actions by city partners and citizens to reduce their carbon footprints
7. Deliver external funding for investment in the City.

Consultation Details:

5th December – Cllr Kye Dudd

Background Documents:

[file \(bristol.gov.uk\)](https://www.bristol.gov.uk) – 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](#)

Heat and Buildings strategy - [Heat and buildings strategy - GOV.UK \(www.gov.uk\)](#)

| | | | |
|---|--|---|--|
| Revenue Cost | £1.4million | Source of Revenue Funding | 100% Grant |
| Capital Cost | £10 million | Source of Capital Funding | 100% Grant |
| One off cost <input checked="" type="checkbox"/> | Ongoing cost <input type="checkbox"/> | Saving Proposal <input type="checkbox"/> | Income generation proposal <input type="checkbox"/> |

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

- I. The report seeks approval (if the bid is successful) to accept the grant offer (subject to point 7 below) and spend the funds over a 2-year period during 2023/24 and 2024/25.
- II. The grant is a consortium bid with North Somerset (NS), and Bath & North-East Somerset (B&NES) for £11.4million for a 100% grant to install energy efficient modifications in 545 homes of people who meet specific income eligibility criteria.
- III. The grant bid allows for pre-project Mobilisation expenditure to be funded from the grant. This funding is expected to be £0.1million and will be paid and received around February / March 2023, before the project go live date of April 2023, if the bid is successful.
- IV. The project funding for capital works is £9.8million, plus revenue funding for overheads of £1.5million.
- V. Bristol will be delivering this project across the three consortium regions, with a direct capital investment into the city of Bristol of £3million.
- VI. Table 1 outlines the HUGS phase 2 bid funding across the 3 OLA's:

| BID OVERVIEW - HUGS Phase 2 (Nov 22) | | | |
|---|-------------|--------------|--------------------|
| Summary by OLA | No of Homes | Average Cost | TOTAL |
| Bristol City Council | 167 | £18,000 | £3,006,000 |
| North Somerset | 211 | £18,000 | £3,798,000 |
| Bath & North East Somerset | 167 | £18,000 | £3,006,000 |
| Total Capital expenditure | 545 | | £9,810,000 |
| | | | |
| Mobilisation - pre project expenditure | | | £112,150 |
| | | | |
| Overheads (15%) | | | |
| Bristol Ancillary | | | £1,353,050 |
| North Somerset Ancillary | | | £82,450 |
| Bath & North East Somerset Ancillary | | | £36,000 |
| Total Revenue expenditure | | | £1,471,500 |
| | | | |
| Total | | | £11,393,650 |

- VII. The full terms of the grant offer letter will be reviewed and approved by the S151 officer at the grant acceptance stage, if successful.
- VIII. The project will be delivered via the City Leap partner, therefore risks previously identified with other energy bids (time scales, cost pressures, price inflation, compliance) will fall to the City Leap partner and not the City Council. The bid does not require match funding from the Council.
- IX. The grant conditions require the Council to submit regular applications for "batch" funding in line with staged implementations of houses sign-off for energy improvements, this reduces the potential issue of returning

unspent funds at the end of the project.

Finance Business Partner: Kayode Olagundoye, Interim Finance Business Partner for Growth and Regeneration, 14th December 2022.

2. Legal Advice:

Whilst the MoU is not legally binding, the council will of course be expected to adhere to its terms by BEIS. The terms are similar to those in the HUGS Phase 1 MoU and do not present any unexpected risks to the council in terms of management of the grant distribution, if successful.

The council is not an economic operator for the purposes of receiving any funding from BEIS and therefore the receipt of any funding would not present a subsidy control issue. The council will need to ensure that the funds are spent in a way which is compliant with both the Subsidy Control Act 2022 and the Public Contracts Regulations 2015/Concession Contracts Regulations 2016, as well as the council's own procurement rules. Expenditure is stated to be via the City Leap Joint Partnership and Ameresco. As Ameresco were compliantly procured as the City Leap concessionaire, this should satisfy all of the legislation identified above. Should the route to market be changed, then further legal advice will be provided.

Legal Team Leader: Husinara Jones, Team Manager Commercial and Governance: Governance Lead 6th January 2023

3. Implications on IT: I can see no implications on IT in regard to this activity.

IT Team Leader: Alex Simpson, Solution Architect Practitioner, 28 November 2022

4. HR Advice: There are no HR implications evident

HR Partner: Celia Williams, HR Business Partner, 25 November 2022

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| EDM Sign-off | Stephen Peacock, Executive Director Growth and Regeneration | 16 th December 2022 |
| Cabinet Member sign-off | Cllr Kye Dudd, Cabinet Member Climate, Ecology, Energy and Waste | 5 th December 2022 |
| For Key Decisions - Mayor's Office sign-off | Mayor's Office | 19 th December 2022 |

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| 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 |

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| Appendix K – ICT | NO |
| Appendix L – Procurement | NO |