

<b>Report Title</b>	Home Upgrade Grant
<b>Portfolio Holder</b>	Portfolio Holder for Housing and Spatial Framework
<b>Summary of report</b>	The report sets out the position on Home Upgrade Grant 1 funding and the successful bid for Home Upgrade Grant 2 funding, with proposals to allocate funding of £10.5m from the Department for Energy Security and Net Zero.
<b>Is this report exempt?</b>	No
<b>Is this a Key Decision</b>	Yes - Financial and Community Impact
<b>Is the report urgent</b>	No
<b>Is this decision to be exempt from call in</b>	No
<b>Local Authorities affected</b>	All
<b>Impact and implications of this report</b>	
<b>Financial impact</b>	Yes see section 4.1
<b>Delegation (s) sought</b>	Yes, see recommendations 2(b) and 2(c)
<b>Supporting the Corporate Plan</b>	A Fairer City Region √ A Stronger City Region x A Cleaner City Region √ A Connected City Region x A Vibrant City Region x
<b>Climate Change Implications</b>	Yes see section 4.3
<b>Equality and Diversity implications</b>	Yes see section 4.4
<b>Social Value implications</b>	Yes see section 4.5
<b>Human Rescues implications</b>	Yes see section 4.6
<b>Physical Assets implications</b>	No
<b>Information Technology implications</b>	No
<b>Legal implications</b>	Yes see section 4.7

<b>Risk and Mitigation</b>	Yes see section 4.8
<b>Privacy implications</b>	Yes see section 4.9
<b>Communication and consultation implications</b>	Yes see section 4.10
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<b>Appendices</b>	No
<b>Background Documents</b>	No

# **Liverpool City Region Combined Authority**

**Friday, 28 April 2023**

## **Report of the Executive Director - Investment and Delivery and the Portfolio Holder for Housing and Spatial Framework**

### **HOME UPGRADE GRANT**

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

- 1.1.** This report advises upon the Combined Authority's position on Home Upgrade Grant 1 funding and the successful bid for Home Upgrade Grant 2 funding.

#### **2. RECOMMENDATIONS**

It is recommended that the Liverpool City Region Combined Authority:

- a) note the progress made towards achieving the Home Upgrade Grant 1 programme;
- b) note the acceptance of Home Upgrade Grant 2 funding of £10.5m from the Department for Energy Security and Net Zero;
- c) delegate authority to the Executive Director for Investment and Delivery in consultation with the Combined Authority's Treasurer and the Monitoring Officer to accept any automatic future performance uplift;
- d) grant delegated authority to the Executive Director – Investment and Delivery in consultation with the Portfolio Holder for Housing and Spatial Planning, the Treasurer and the Monitoring Officer to make such adjustments to funding allocations and agreements, delivery arrangements and programming of works as may be required to deliver Home Upgrade Grant 2 outcomes in an effective and efficient manner across the Liverpool City Region.

#### **3. BACKGROUND**

- 3.1** The need to cut carbon emissions from homes is a vital part of the Combined Authority's route to Net Zero Carbon for 2040 that has been well documented. As part of this activity the Housing Partnerships team has been delivering several HM Government funded programmes to improve the energy efficiency of households across the City Region over the last two years (e.g. Local Authority Delivery 2, and Social Housing Decarbonisation Fund wave1).
- 3.2** Part of the Combined Authority's bid for the Sustainable Warmth Programme in 2022 included the Home Upgrade Grant 1 (HUG1) programme. This was for up to £5.5m of funding to specifically address homes which have no mains gas heating. Although almost 90% of homes are heated by mains gas across the City Region those using alternative fuels such as oil or coal are often the worst performing in terms of energy efficiency.

- 3.3 The funding is calculated on the basis of the Energy Performance Certificate of the home and the type of fuel used to heat the home. Varying grants of between £10,000 and £25,000 are available for owner occupied and private rented homes as long as the household is on a low income (under £31,000pa). In private rented homes at least 33% of the cost of the work must be provided by the owner.
- 3.4 As part of the current HUG1 programme 74 homes have been improved and a further 124 are hoped to be treated by the end of September 2023 when the programme finishes.
- 3.5 Round 2 of the Home Upgrade Grant scheme was announced in October 2022. The Combined Authority, in consultation with the six Local Authorities, chose to bid. Most of the funding pot was allocated to rural boroughs with less monies available to the City Region which is considered urban or semi-rural. This application sought £9m capital funding to retrofit c500 properties across the City Region with up to £1.5m funding for administration and ancillary costs.
- 3.6 In February 2023, the Combined Authority received confirmation that it had been successful with its application for funding of £10.5m. The funding is for a two-year period commencing April 2023. This is an indicative figure for a number of reasons, including that advance performance on spend will automatically grant a 20% uplift in grant without another application process.
- 3.7 The rules for this programme, whilst aimed at the same housing type, are slightly different in this second programme. The low household income eligibility is not required in certain listed postcodes in the most deprived wards. In addition, different measures can be delivered in homes which have already received HUG1 improvements where appropriate. For example, where insulation measures have been undertaken it should be possible to then change heating systems if appropriate for the resident to an electric based system.
- 3.8 Due to the rarity of this type of property and the experience of delivering HUG1, a target 50 properties will be 'assigned' to each local authority area to be authorised for installation within the first twelve months of the programme (i.e. a total of 300 properties). Should it not be possible to identify and gain agreement from the homeowner in each Local Authority in the first year, any balance will be returned to a central pool (comprising 200 'unassigned' properties plus any returned to the central pool at the end of the first twelve months) for allocation on a first come first served basis to ensure that the funding is spent.
- 3.9 The Combined Authority, as for other programmes of this nature, will act on behalf of the six Local Authorities to deliver this funding. A contract will be offered through the Procure Plus Direct Procurement System to deliver the surveys and works to the standards required by the grant funding programme. Regular update meetings with Local Authority Retrofit Officers will continue to ensure successful partnership working to deliver the scheme. The Housing and Spatial Planning Advisory Board will be updated on progress at each meeting with regular meetings with the Portfolio Holder in addition.

## **4. IMPACT AND IMPLICATIONS**

### **4.1. Financial**

The Combined Authority will be in receipt of around £10.5m additional funding to deliver this programme. Unlike other funding streams of this nature, the grants will not be paid upfront in full. A small amount of upfront revenue funding will be granted to commence the programme. The remaining funding will only be given once the works have been completed. Funding can be requested on a monthly basis, but this will be paid retrospectively. An element of the Administration and Ancillary budget has been set aside for the Combined Authority to pay for additional staff costs.

### **4.2 Supporting the Corporate Plan**

#### A Fairer City Region

Due to the cost-of-living crisis, many residents in the City Region are likely to be in fuel poverty and residents in social housing are likely to be hit hardest. By retrofitting homes, they will be more energy efficient, cost less to warm and stay warmer for longer.

#### A Cleaner City Region

Planned retrofit measures will make homes more energy efficient, which will decrease emissions as they will require less energy to heat. As housing contributes to a third of carbon emissions, this work is integral in helping to meet the City Region's 2040 net zero carbon target.

### **4.3 Climate Change**

The aim of the HUG2 programme is to reduce carbon emissions from some of the worst performing homes through improving insulation and/or receiving low carbon heating measures which emit less carbon. This is a key part of delivering against Climate Change commitments supporting householders who are least able to afford to make the changes required.

### **4.4 Equality and Diversity**

The householders supported through this programme will be asked to provide Equality, Diversity and Inclusion information as part of the application process. This will be monitored to try to ensure that there is equal access to the programme and if not, different engagement methods will be used to expand the message.

### **4.5 Social Value**

The Combined Authority will include social value as part of the procurement of a contractor to deliver this scheme. It is anticipated that a range of training, apprenticeships and job opportunities will all be included in the final contract with the winning bidder. These will be measurable and monitored in the contract documentation.

## 4.6 Human Resources

A requirement of the funding bid is that two full time equivalent programme managers are employed by the Combined Authority to deliver the scheme. This will require a new dedicated post in the Combined Authority (the other will be with the contractor appointed). The Housing Team will oversee the delivery and compliance of the projects with support from the Combined Authority's finance and legal teams.

## 4.7 Legal

The Combined Authority will have to ensure that all contractual, procurement and legal requirements associated with the grant are met. It is not anticipated that these grants will be classified as subsidies under the Subsidy Control Act 2022, as the beneficiaries will be the householders.

## 4.8 Risks and Mitigation

The top three risks and mitigations for the programme are listed in the table below.

Risk Name	Cause	Planned Actions
Resident recruitment	Lack of eligible households being identified	<ul style="list-style-type: none"><li>▪ Purchased the Parity Projects household database to identify possible eligible households.</li><li>▪ Return to HUG1 properties.</li><li>▪ Engage with Local Authorities and third sector to support identification of properties.</li></ul>
Lack of Contractor Interest	Unable to deliver the programme	<ul style="list-style-type: none"><li>▪ Engaging with local contractors prior to procurement of contract.</li><li>▪ Encouraging more companies to register with Dynamic Purchasing System.</li></ul>
Construction Cost Inflation	Unable to deliver full programme	<ul style="list-style-type: none"><li>▪ Have benchmarks on costs from all previous programmes.</li><li>▪ Clear procurement brief.</li><li>▪ Clauses in contract granted to ensure where risk lies.</li></ul>

## 4.9 Privacy

The use of personal data will be controlled, administered and stored in conjunction with GDPR requirements. The Combined Authority will enter a Data Sharing Agreement with Department for Energy Security and Net Zero (DESNZ) to cover the reporting of privacy data.

## 4.10 Communication and Consultation

All publicity will be undertaken in line with DESNZ publicity guidelines and the Combined Authority's corporate branding standards/requirements. The support of the Local Authorities on their own websites and communications will be critical to ensuring the success of this programme.

## **5. CONCLUSION**

- 5.1.** This paper presents the Combined Authority with the opportunity to use approximately £10.5m of funding to enable Housing Retrofit projects to be completed on around 500 properties within the City Region to improve their energy efficiency and contribute to realisation of the Combined Authority's net zero target. The other positive news on the success of the £31m Social Housing Decarbonisation Fund wave 2 bid, approved in principle in January 23 by the Combined Authority, takes the retrofit funds secured to over £100m.

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**Appendices: No**

**Background Documents: No**