

CHESHIRE EAST COUNCIL

Cabinet Member for Prosperity and Economic Regeneration

Date of Meeting: 7th January 2013
Report of: Private Sector Housing Manager
Subject/Title: Grant Funding for Energy Efficiency
Portfolio Holder: Councillor J Macrae

1.0 Report Summary

- 1.1 This report outlines the purposes for which an application can be made to the Department of Energy and Climate Change for Local Authority Funds for domestic energy efficiency, and the details of an application submitted on behalf of Cheshire East Council.

2.0 Recommendation(s)

- 2.1 That an application be submitted to the Department of Energy and Climate Change for Local Authority Funds in respect of the Fuel Poverty Fund, Green Deal Pioneer Fund and the Cheaper Energy Together Fund.
- 2.2 That approval be obtained “in principle” for fully funded Supplementary Revenue and Capital Estimates in accordance with the Finance and Contract Procedure Rules, should the application for funds be successful.

3.0 Reasons for Recommendation(s)

- 3.1 Local authorities were invited by the Department of Energy and Climate Change to bid for funds for the purposes of reducing the extent of fuel poverty, to demonstrate ambitious approaches to kick starting Green Deal activity, and to support the development of innovative collective switching schemes. The closing date for applications was 30th November 2012.
- 3.2 An application for a total of £449,900 was submitted on 30th November 2012. Rule F.24 in the Finance and Contract Procedure rules stipulates that Member approval must be sought for bids for specific grant funding that is aligned with the Council’s priorities. Although ideally the formalisation of Member approval would precede the application, the application which has already been made is not invalidated by lack of formal Member approval, but the decision requested above will confirm the approval required by this rule.
- 3.3 The grant funding sought aligns with the Sustainable Community Strategy as it contributes to ensuring a sustainable future, drives out the causes of poor health and creates conditions for business growth, and with the local Housing Strategy’s aim to make best use of the existing housing stock.

4.0 Wards Affected

- 4.1 All Wards are affected.

5.0 Local Ward Members

- 5.1 All local Ward Members.

6.0 Policy Implications (including carbon reduction and health)

- 6.1 Cold, damp homes have a negative impact on people's health and in its most extreme form contributes to excess winter deaths. Improving domestic energy efficiency across the social gradient was cited in the Marmot Review as an important measure to reduce health inequalities. Tackling cold homes forms part of the approach to reducing excess winter deaths and fuel poverty outlined in the Cheshire East Joint Strategic Needs Assessment (JSNA). If successful, this funding will complement the existing multi-agency work on winter resilience.
- 6.2 The landscape for domestic energy efficiency is in transition, moving from an era of subsidy to one of Green Deal loans, and energy efficiency activity is forecast to drop significantly as subsidised schemes come to an end. Housing is the most significant contributor to carbon emissions, with Cheshire East's per capita CO₂ emissions higher than the national and regional pictures.

7.0 Financial Implications (authorised by Director of Finance and Business Services)

- 7.1 An application has been submitted to the Department for Energy and Climate Change for £449,900 to be spent by 31st March 2013. The funding will be claimed by 31st March 2013 on a retrospective basis when expenditure has been incurred.
- 7.2 If the bid is successful the necessary approval for a fully funded supplementary capital and revenue estimates will be sought in accordance with the Finance and Contract Procedure Rules.
- 7.3 There is no requirement for match funding for the grant; however existing programmes of work in the 2012-13 approved capital programme have been identified that complement the activities for which funding is being sought. We have identified £67,500 of existing approved capital funding as match funding.
- 7.4 The grant funding being applied for is split between capital and revenue as shown in the table below:

	Funding £000s		
DECC Fund	Capital	Revenue	Total
Fuel Poverty Fund	174.5	6.9	181.4
Green Deal Pioneer Fund	70	127.5	197.5
Cheaper Energy Together Fund	0	71	71
Total	244.5	205.4	449.9

8.0 Legal Implications (authorised by Borough Solicitor)

- 8.1 Section 2 of the Home Energy Conservation Act 1995 places a duty on local authorities to prepare, publish, and send to the Secretary of State, a report on the measures that the authority considers practicable, cost-effective and likely to result in significant improvement in the energy efficiency of residential accommodation in its area. Reports must include an assessment of the cost of the energy conservation measures set out in it, an assessment of the extent to which carbon dioxide emissions into the atmosphere would be decreased as a result of those measures, and a statement of any policy of the authority for taking into account, in deciding whether to exercise any power in connection with those measures, the personal circumstances of any person. However, the duty does not extend to requiring the authority to set out in the report the energy conservation measures to be taken in relation to any particular dwelling or building.
- 8.2 Regarding the power to apply for and receive and make use of funding for the purposes for which it is granted, then apart from any particular power to do so in any housing legislation, the general power of competence contained in Section 1 of the Localism Act 2011 would allow this; moreover, Government has invited applications for this funding.
- 8.3 If the Council intends to grant fund the organisations then the public procurement regime will not apply. However the Council cannot impose terms and conditions on a grant in the same way as if the services were being commissioned. The purpose of a grant is to support an organisation and the award of a grant is subject to Public Law considerations. Section 9.3 below states that partners were identified and named in the report to be the recipients of funding. This could lead to a challenge from other organisations that feel eligible to receive grant funding. The strength of the Council's selection decision turns upon whether it satisfies the Council's public law duties. In essence this means that in making the decision, the Council must have taken into account only relevant considerations (and disregarded irrelevant considerations), followed procedural requirements, acted for proper motives and not acted unreasonably i.e. irrationally. One should also be mindful of public sector equality duties in all decisions, but especially in relation to this type of spending or funding decision. The Council's requirements when partnering with public authorities and third parties are set in part F of the Council's Finance and Contract Procedure Rules and there should be a form of agreement in place.

- 8.4 If the Council intends to tender for services using the grant funding then the Council's Contract Procedure Rules part E and the Public Contracts Regulations 2006 apply. The procurement process for services below £75,000 is three written quotes. Over £75,000 a tendering exercise must be undertaken and above £173,934 (EU threshold) the tendering process must comply with the procedures and time scales set out in the Public Contracts Regulations. As the deadline for spend is 31st March 2013 this is challenging, however it is understood that compliant call off contracts can be entered by utilising Framework Agreements.

9.0 Risk Management Implications

- 9.1 The funding application is for additional resources to carry out additional activities over and above what is already in the Council's business plan. If the application is unsuccessful, the additional activities would not be carried out and there would be no financial implications.
- 9.2 DECC indicated in the bidding guidance that they expected that local partners, especially the voluntary and community sector, would be closely involved in the development and delivery of the proposal. The short timescale to prepare and submit a funding application prevented a procurement exercise being carried out to select local partners, and a number of local partners were approached based on the relevance of their organisational purpose to the funding proposal. There is a risk that this process could be open to challenge as an opportunity has not been openly advertised to the wider public, private and third sectors.
- 9.3 Failure to take advantage of the opportunities that this funding presents will inhibit our plans to tackle fuel poverty and prevent excess winter deaths, which will impact on health and social care services in Cheshire East. It is estimated that cold and damp private sector housing costs local health services in excess of £1.6million per year.
- 9.4 The risks of possible repayment or withholding are addressed at 8.3 above.

10.0 Background and Options

- 10.1 The Department for Energy and Climate Change made £40million available for Local Authorities to apply for funding from three specific funds:
- A £25million Fuel Poverty Fund to reduce the extent of fuel poverty through the provision of resources primarily to support improvements to the thermal efficiency of dwellings amongst low income and vulnerable households,
 - A £10million Green Deal Pioneer Fund, to demonstrate ambitious approaches to kick starting local Green Deal activity in the domestic and non-domestic sectors
 - A £5million Cheaper Energy Together Fund, to support collective switching schemes for consumers to group together and use market power to negotiate lower energy bills.
- 10.2 A bid for £181,400 has been submitted to the Fuel Poverty Fund, for insulation and heating measures for low income and vulnerable households at risk of fuel poverty and cold related ill health living in private sector housing.

- 10.3 A bid for £197,500 has been submitted to the Green Deal Pioneer Fund, for activities across Cheshire East to create a portfolio of householders ready to enter into Green Deal plans, with focused activity in urban Macclesfield to test more innovative approaches to marketing the Green Deal.
- 10.4 A bid for £71,000 has been submitted to the Cheaper Energy Together Fund, to deliver a collective switching scheme, focusing on encouraging take up amongst low income and vulnerable households to drive down household energy costs.
- 10.6 Key outcomes from the bid include:
- Improving the health of low income and vulnerable households living in cold, damp housing
 - Generating demand for the Green Deal and acting as a catalyst for attracting investment into Cheshire East, creating jobs and economic growth
 - Reducing household expenditure across the social gradient by negotiating lower energy bills
 - Reducing CO2 emissions.

11.0 Access to Information

The background papers relating to this report can be inspected by contacting the report writer:

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