

CHESHIRE EAST COUNCIL

CABINET

Date of Meeting: 7th January 2013
Report of: Interim Strategic Director for Places & Organisational Capacity
Subject/Title: Grant Funding for Energy Efficiency
Portfolio Holder: Councillor J Macrae

1.0 Report Summary

- 1.1 This report outlines a successful grant funding application made to the Department of Energy and Climate Change for Local Authority Funds for domestic energy efficiency, and seeks permission to commit expenditure.

2.0 Recommendation(s)

- 2.1 To approve a Supplementary Revenue Estimate of £205,400 and a Supplementary Capital Estimate of £244,500, both fully funded by Government grant.
- 2.2 To authorise the s151 Officer to enter into a Memorandum of Understanding with the Department of Energy and Climate Change for and on behalf of the Authority.

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 was submitted on 30th November 2012 for revenue funding of £205,400 and capital funding of £244,500. DECC issued notification on 21st December 2012 that they proposed to allocate grants as applied for to Cheshire East Council, subject to agreement of a Memorandum of Understanding (MoU), which needs to be formally accepted by 11th January 2013.
- 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 a capital grant of £244,500 and a revenue grant of £205,400 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 The bid has been successful, and approval is necessary for both fully funded supplementary capital and revenue estimates in order to be able to commence activities and commit expenditure.
- 7.3 There is no requirement for match funding for the grant; however existing programmes of work in the 2012-13 approved capital programme for Private Sector Assistance 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 from DECC is split between capital and revenue as shown in the table below and detailed spending plans are described in Paragraph 10.6 of this Report.

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

Together Fund			
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 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.
- 9.2 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.
- 9.3 If approval to commit expenditure is delayed or withheld, the project cannot be delivered within the specified timescale set by DECC, and no funding can be drawn down.

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 to the Fuel Poverty Fund has been successful, 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 to the Green Deal Pioneer Fund has been successful, 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 to the Cheaper Energy Together Fund has been successful, to deliver a collective switching scheme, focusing on encouraging take up amongst low income and vulnerable households to drive down household energy costs.

10.5 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.

10.6 Local authorities were encouraged to work with local stakeholders such as the voluntary and community sector and to demonstrate how the proposal had been developed and will be delivered with local partners. Our proposal was developed in partnership with, and will be delivered by, the following voluntary, community and not-for-profit groups:

Group	Capital	Revenue	Activity
Macc2020 (community group)	£70,000	£85,000	<ul style="list-style-type: none"> • Innovative approaches to marketing the Green Deal, and Green Deal assessments • Green Deal assessments
Warm Zone (Community Interest Company)	£125,000	£30,000	<ul style="list-style-type: none"> • Housing assessments to identifying suitable properties for insulation and heating measures
Cheshire Community Action (registered charity)	£0	£6,800	<ul style="list-style-type: none"> • Rural fuel poverty outreach worker
Energy Projects Plus (registered charity)	£0	£23,650	<ul style="list-style-type: none"> • Database of energy efficiency measures across Cheshire East • Training of volunteers • Community engagement
Cheshire Fire & Rescue Service	£0	£8,450	<ul style="list-style-type: none"> • Community engagement
Total	£195,000	£153,900	

The balance of £49,500 capital funding and £51,500 revenue funding will be spent utilising existing Framework contracts and/or procurement under £10,000.

10.7 Partnership agreements are being prepared, in order to grant fund the partners listed at 10.6 above. Partnership agreements will stipulate the manner in which

payments will be made to partners, and will include some small upfront grant payments, as well as payment on achievement of milestones and based on expenditure incurred by partners.

- 10.8 Grant claims for expenditure incurred by the Authority will be submitted to DECC on a monthly basis, with the last claim submitted on or before 15th April 2013.

11.0 Access to Information

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

Name: Karen Whitehead
Designation: Private Sector Housing Manager
Tel No: 01270 686653
Email: karen.whitehead@cheshireeast.gov.uk